THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses
2004–2005

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THE EMPIRE CLUB OF CANADA

2004–2005

101st Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE
EMPIRE
CLUB
OF CANADA

Founded 1903

Addresses
2004–2005

God Save The Queen

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The Empire Club of Canada

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2002–2003	Ann Curran
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†Deceased

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THE
EMPIRE

Bart J. Mindszenthy
President, 2004–2005

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

As every past president of the Empire Club of Canada will tell you with deep conviction, fond memories and no small measure of awe, a year at the helm of our esteemed, proud, and venerable organization is unlike virtually any year in our lives.

It is intense, amazing, exhilarating, challenging, unpredictable, demanding and rewarding. It is a fleeting opportunity to be an intimate participant in the unfolding of the history of our nation, our continent, our hemisphere and our world. It is to be personally privy to the ideas, insights, observations, predications, warnings, challenges, and sometimes lyrical and emotional engagements of many of the best and brightest minds in Canada and from nations around this fragile but intriguing planet.

To be President of the Empire Club of Canada is to discover that most of those power people who dominate the news and in some way influence our world and our lives, and who accept the prestigious invitation to address us, actually are real and interesting people. People who are just as eager to capture the joys, and just as susceptible to the pains of life as we are, and who carry just as much personal and professional baggage as almost all of us do.

Steeped in a proud past begun in 1903, and beneficiary of so many wonderful, dedicated officers and directors who over the years have given so much to ensure our club's own place in history, we have evolved into North America's oldest continuously operating forum of record. In fact, we now surely are one of the planet's most influential podiums; a podium of choice for Canadian and world leaders, and the only speakers' club of record to provide webcasts of all meetings (see www.empireclub.org).

And given the reasonable membership fees and luncheon prices, as I proudly coined the phrase during this past year, the Empire Club is the most affordable intellectual treat around; surely in Canada, and maybe anywhere.

The year I experienced as President was, pure and simple, magical. And it was so because we had more directors and past presidents more involved and more supportive. We had clear goals and roles. And we had many exciting new challenges to face and surmount, which collectively we accomplished with fitting aplomb.

We had 38 very successful luncheon meetings, and three of them were in a panel format. So all in, we had 46 speakers address us. Each delivered penetrating and knockout thoughts and challenges.

From Hannah Taylor, the youngest-ever to speak at the Empire Club at age nine with a full house and stunning media interest in her passion and wisdom about the homeless...to having Peter Munk share his view of the real impact of globalization...to Bank of Montreal CEO Tony Comper's heartfelt challenge about anti-Semitism that evoked an exceptionally long standing ovation.

From hosting our premiers and Prime Minister in a special series examining their vision of the future of Canada...to listening to the profoundly honest and probing thoughts of Chief Roberta Jamieson about Canada's Aboriginal relationships...to Daniel Lamarre, COO of Cirque du Soleil, who provided our Canada Day final lunch of the season with an intensely personal explanation of why Quebec and Canada attract people from around the world who believe that our nation is special and safe, we had a wonderfully full season of impassioned speakers who moved us with their messages.

In short, we had what in a quaint but sincere way I would call a really swell Empire Club season. A season of advancements and achievements that further underscored our pre-eminent position as an acknowledged and respected speakers' forum of record; an elegant, relevant, awesome, and interesting forum of discovery.

It was a season now etched permanently in my mind, and which I could never have guided or experienced to its fullest without the deeply valued support of my life, work and soul-mate, Gail Roberts.

Please enjoy the wise words of our many speakers who are included in this book, knowing more will follow year after year. And as they do, the intellectual universe of each and every one of us will ever expand and benefit.

Thank you.

Bart J. Mindszenthy, President, 2004–2005

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The Hon. Bernard Lord

Premier, Province of New Brunswick

MY CANADA—TODAY AND TOMORROW

Chairman: [illegible]
President, The Empire Club of Canada

Head Table Guests

[illegible]

Introduction by [illegible]

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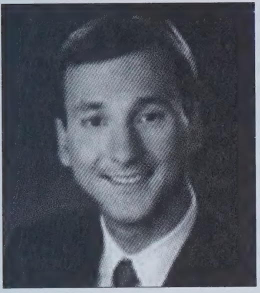


September 23, 2004

The Hon. Bernard Lord

Premier, Province of New Brunswick

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Tim Reid, President, Strategic Investor Relations and Director, The Empire Club of Canada; Lauren McCain, Grade 12 Student, Havergal College; Rev. Michael Clarke, Pastoral Staff, Christ Church, Brampton; Deborah Grey, Partner, Parliamentary Group, Ottawa, with the distinction of being the first ever elected Reform Party MP; The Hon. Mike Harris, Senior Business Advisor, Goodmans LLP and Former Premier, Province of Ontario; Charles S. Coffey, Executive Vice-President, Government Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada; George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada; Belinda Stronach, MP, Electoral District of Newmarket-Aurora; and Jay Forbes, President and CEO, Aliant Inc.

Introduction by Bart Mindszenthy

Reverend Sir, distinguished head table guests, members of the Empire Club of Canada, ladies and gentlemen, welcome to the first meeting of the 102nd season in our history and welcome to this, the first of our very special Premiers Speakers Series that will run throughout the season.

We have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow, to articulate what they see as the major challenges and opportunities for our country in the next decade.

In anticipation of this series, Ipsos-Reid, the national polling and research firm, graciously volunteered to check the pulse of the nation about the future for the Empire Club of Canada. The results—compiled just a few days ago exclusively for the Empire Club and released yesterday—show a strong and clear trend.

Whether in New Brunswick or British Columbia—in fact, everywhere across our country—the number-one concern 10 years from now, out of the 14 areas of concern we had tested, will be services for the elderly and their specific home and health-care needs. That's followed, nationally, by such issues as family health care, waste disposal, energy and a clean environment.

And in Atlantic Canada, the rank order of these greater challenges identified by residents of the region as to what issues a premier can expect to face a decade from now are identical to the national snapshot.

Indeed, while from time to time we may have differences of opinion, as both governments and citizens, on how we should address many of the issues we face today, it's clear from the Empire Club survey that Canadians are united in their view of the challenges that await this great country and its provincial and territorial premiers.

To see the full study, please visit our Web site at www.empireclub.org.

Today, we have the pleasure of welcoming this nation's youngest premier of one of our oldest provinces—New Brunswick.

Premier Bernard Lord won a huge mandate in 1999 at the age of 33. Last year, he was re-elected with another majority government.

Guided by the principle that politics is about vision, ideas and leadership, he has led a strong drive to balance budgets, resources and priorities to the benefit of all the people of New Brunswick.

In recognition of his drive and leadership, Premier Lord was chosen as one of Time magazine's top-25 New Generation of Leaders in Canada.

Born on September 27, 1965, Premier Lord was reared in a bilingual home in the Moncton area in an officially bilingual province. So birthday greetings are in order, well, just days from now.

He holds a bachelor's degree in social science with a major in economics, as well as a bachelor's degree in common law, from the Université de Moncton.

Premier Lord has earned many honours and is the beneficiary of a host of accolades. But suffice to say that he continues to demonstrate that he's a rising political star on the Canadian landscape, dealing with the great challenges that face his Province of New Brunswick and this country, today and for tomorrow.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Premier of New Brunswick, the Honourable Bernard Lord.

Bernard Lord

Thank you Mr. President for your kind introduction. Head table guests, ladies and gentlemen, good afternoon, bonjour. I want to thank you for the invitation to come here and speak to you today.

It is indeed an honour for me to be the first Canadian premier to speak with you as part of your special speaking series, My Canada—Today and Tomorrow. I congratulate you and the Empire Club for taking the initiative to put together this very unique speaking series of premiers. The theme you have chosen, My Canada—Today and Tomorrow, reminds us all that while we have challenges to overcome today, it's up to us to shape our future. Even though Canada is a great place to live, I believe that our best days lie ahead.

This year we are 137 years old as a country. As citizens of one of the four founding provinces of Confederation, New Brunswickers are extremely proud to be Canadians. And we consider ourselves to be Canadians first. But this year, 2004, we are reminded of a longer history in our province.

Not 137 years, but 400 years. For it was 400 years ago, in 1604, that Samuel de Champlain, great explorer and discoverer, founded the first permanent European settlement in Canada on tiny St. Croix Island near the Bay of Fundy.

It was a harsh and bitter winter that year. All suffered. Many died. Just over half survived with the help of the Aboriginal people.

Those who survived that winter sowed new seeds of the strength of character of Canada and New Brunswick—English, French, Aboriginal and new Canadians. This first quilt that knitted together different cultures has become today a national tapestry of peoples and life stories from around the world. We are a multicultural land with two official languages, but we share a unique perspective on the world beyond our borders, that comes from our common history and common principles that transcend our immense geography and cultural diversity.

We have travelled many distances together as Canadians—from settlement to colony to dominion to nation. The story of Canada has always been one of evolution and advancement, determination and perseverance. And here on the northern ledge of the world, at the very top of a continent, we have forged an open, tolerant, dynamic nation-state, nestled in geographic beauty where citizens are free and enjoy a wonderful quality of life. This is a pride we share.

New Brunswick is in many ways a microcosm of the Canadian experience. We recognize not just two official languages but two official linguistic communities. That is part of who we are.

I believe that Canada is defined not by geography or lines on a map, but by the values we hold, the principles we share, and the ideals we pursue. Values like openness, tolerance, compassion, and civility. Principles like fairness, freedom and responsibility. And ideals like peace, family, and community. This is what helps make us who we are. That is what makes us different. That is what makes us Canadian.

It is not the thickness of our borders or the depth of our coastal waters that will somehow make us more Canadian. It is the confidence we hold and the vision we share—in ourselves and of our country. The confidence that comes from defining ourselves as who we are, not who we are not. The confidence that comes from being positive about the future we have together, not simply content with the past we have had. Only by looking forward, grasping the future head-on, can we achieve as Canadians what we are truly capable of. This is the Canada I believe in—confident, strong, and determined to make a difference at home and abroad.

So, what's holding us back? After all, it is not inevitable that we should succeed. We have made a special home for us in the world, but it is by no means guaranteed. We must not take for granted our quality of life that is derived from our economic success and social progress.

We face many challenges.

The challenge of a growing, aging population that is putting more and more pressure on our health-care system for new services.

The challenge of making education and training a renewed priority for children and workers alike, when our public finances are stretched and limited.

The challenge of ensuring more jobs and prosperity for Canadian workers and families by improving our tax competitiveness and productivity compared with the rest of the world.

The challenge of maintaining and protecting a clean and safe environment for our children and grandchildren while pursuing new economic opportunities.

The challenge of discovering new treatments and new drugs to fight new diseases and emerging super bugs that are more resilient and immune to our antibiotics.

The challenge of protecting our communities and families against organized crime or terrorism that threaten us in this ever-changing world.

And the challenge of urgent road and infrastructure repairs and investments to attract new investment and improve the quality of life not just in our big cities like Toronto, but in our small towns like Shediac-Cap Pele.

So where do we want to be in 10 or 20 years? This is the question we must all ask. When we look back 10 years from now will we see a golden decade of achievement and success or a lost decade of regret and missed opportunities? The choice is ours.

To help us make that choice we need to be honest with each other. Honest about these challenges and honest about how we must meet them.

Last week in Ottawa, Canada's First Ministers gathered to address the crucial issue of health care for Canadians. The agreement we signed confirmed the path to reform provinces are already on. It confirmed our long-standing insistence that the federal contribution to health care in Canada was clearly insufficient. And, for New Brunswick, it confirmed the direction of our provincial health plan released last June.

The agreement we signed will help improve access to health-care services, reduce wait times, improve working conditions for health-care professionals, and make our health-care systems more accountable to the people they serve. It will do all these things.

But what it will not do is also important. It will not fix health care for a generation. It will not guarantee every health-care need in the future will be taken care of. It may have closed the Romanow gap but it will not close the "reality gap." The reality gap between expectations and resources. The reality gap between change and the status quo. This gap remains. In fact, given the tremendous amounts of money pledged last week, it may have even grown. The reality is that there is much more hard work ahead to make our health-care system more accessible and effective.

And more money, even what was committed by the federal government, is not the only solution. We must invest not just in more health care. We must invest in changing health care. One has to go with the other. For unless we make changes to the way we deliver health-care services today, we won't be able to meet the challenges our health-care system will face tomorrow. In New Brunswick we are making those changes with our four-year provincial health plan, a longer-term plan to make our health-care system more accessible to patients and more sustainable to taxpayers.

How we sustain our health-care system into the future is not just a social question. It is in very real terms an economic question. Unless we have a growing, prosperous economy generating the economic wealth we need, we will not be able to afford the kind of health-care system that we want.

Let me be direct. You can't provide 12 months of health care on a six-month economy.

The old saying goes: there is only one taxpayer. You and me. That taxpayer can't be asked to pay more just for the same service. Asking taxpayers to pay more should be the last resort, not the first option. The objective should be to create more economic success in order to have greater social progress.

What Canada must do is take the steps to supercharge our economy to generate the wealth and growth we must have to pay for the social programs we want; supercharge through a more competitive taxation system that leaves more money in people's pockets, stronger investment incentives for businesses, that rewards success and new and more investments in early literacy for kids and post-secondary education for graduates.

The challenges of more and better health care, a cleaner environment, child care and education are all in the end financial questions of choices and priorities.

Our government in New Brunswick has made those choices. Since 1999, 80 per cent of all new spending has gone to health and senior care. Thirty per cent has gone to education. Where did we get the other 10 per cent? By reducing funding for everything else.

At the same time we did this, we did something else. We started to take new real steps as a province to make us more competitive and prosperous, to reduce our financial dependency and to keep New Brunswickers working and learning at home.

We have developed a comprehensive Prosperity Plan founded on four basic building blocks:

1. Investing in people;
2. Embracing innovation;
3. Building strategic infrastructure; and
4. Creating a competitive business and fiscal climate.

Here are some things you might not know about New Brunswick. The lowest small business taxes aren't in Alberta; they're in New Brunswick at 2.5 per cent and are to be reduced to 1 per cent by 2007. The best year-over-year job growth in Canada last month wasn't in Ontario; it was in New Brunswick. The best credit rating in Eastern Canada is in New Brunswick. In New Brunswick, if you earn minimum wage, you pay no provincial income tax, period. In the past five years, we have taken over 40,000 low-income earners right off the tax rolls. Every New Brunswick family earning up to $70,000 per year is enjoying a reduction in personal income taxes of 10 per cent or greater this year compared to 1999 when we first came into office. And, over the past five years, we've run a surplus and reduced our net debt.

The potential of our province and our people is outstanding. We've made real progress.

True economic growth lies not with government programs, but with creating opportunities for the inventiveness and entrepreneurship of people to shine through. That's what we are doing in New Brunswick. But we still have much more to do.

So, how do I see My Canada—Today and Tomorrow? I have often said in my province that for New Brunswick to be strong, all regions of New Brunswick must be strong. I believe the same holds true for Canada.

But we won't get there by bringing anybody down. We must lift ourselves up.

I don't believe you can build a province or a society on welfare—social, corporate, or government. And most New Brunswickers agree with me. We know that's no pass to prosperity.

As premier of New Brunswick, I feel strongly that my job is not just to build and strengthen New Brunswick, but to build and strengthen Canada. That when New Brunswick gets stronger, so too does Canada.

And that is how I see my Canada, our Canada. A Canada that meets challenges, not turns away from them.

The challenge of making Canada the most productive, competitive and innovative economy in the industrialized world.

The challenge of ensuring that Canada is a place where people can continue to be free and safe.

The challenge of keeping our young people right here in Canada, building our country and creating opportunity and prosperity for themselves and their families.

And the challenge of building a new sense of national unity and purpose that reinforces why we call ourselves Canadians.

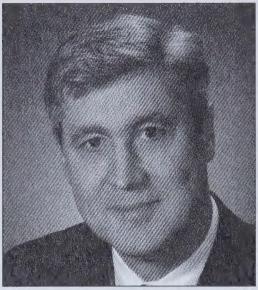
A Canada where we not only meet challenges but challenge ourselves to be smart, fast, innovative, competitive, caring and compassionate as we pursue an ideal.

Where we pursue an ideal that says you can build a province and a country on such values as opportunity, responsibility, diversity, tolerance, fairness, and inclusion.

That's the Canada I want to build with you.

Thank you, merci.

The appreciation of the meeting was expressed by Tim Reid, President, Strategic Investor Relations and Director, The Empire Club of Canada.



September 28, 2004

Len Crispino

President and CEO, Ontario Chamber of Commerce

TOGETHER—BUILDING PROSPERITY FOR ONTARIO

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Rev. Dr. John S. Niles, Rector, St. Andrews United Church, Markham and 2nd Vice-President, The Empire Club of Canada; Carly Yoshida-Betryn, Grade 12 Student, North Toronto Collegiate Institute; Grant Kerr, Pastoral Staff, St. Paul's United Church, Brampton; John Howard, President, Howard Equities Inc.; Anne Faucett, Partner, The Caldwell Partners, International; Don Drummond, Senior Vice-President and Chief Economist, TD Bank Financial Group; William F. White, President, IBK Capital Corp. and Director, The Empire Club of Canada; Dr. Claude Lajeunesse, President and Vice-Chancellor, Ryerson University; Kelly McDougald, Senior Vice-President, Enterprise Sales Ontario, Bell Canada; and Carolyn McGill-Davidson, Senior Vice-President, Marketing and Product Management, Canada NewsWire Ltd.

Introduction by Bart Mindszenthy

Distinguished head table guests, members of the Empire Club of Canada, ladies and gentlemen, it's been 13 years since an Ontario Chamber of Commerce president has addressed the Empire Club.

In that speech, then Chamber President Thomas Corcoran spoke about the provincial NDP government, shortly after its first budget. He spoke about the need to get past rhetoric, and for the business community, labour and government to fight together to overcome the recession.

He said, in part, that: "...quotable quotes and pithy zingers are a great way to make the papers or crack the airways. But this approach, it seems to me, isn't very constructive.

"More to the point, it delays the process of two- or three-way discussion that is so desperately needed if business, government and labour are ever to come to some sort of understanding about the nature and magnitude of the competitive problems currently facing this province.

"...The path is still open for co-operation between business and the government, but what's urgently needed to make this a reality is a new consultative process that replaces confrontation with consensus."

Today's speaker is the current Ontario Chamber of Commerce President and Chief Executive Officer, Len Crispino.

He is here today to address us on much the same theme—the challenge of bringing together government, labour, academia and business for the benefit of all Ontarians. To define a common ground that will allow us to build a better future. Which just proves history does repeat itself, and perhaps, that we tend not to learn as much as we should from the past in order to benefit in the future.

Between 1990 and 1993, Mr. Crispino served as the province's chief trade representative to Italy, promoting Ontario's trade and investment interests.

For his work, he was awarded the Order of Merit from the Italian government for fostering business ties between Canada and Italy.

A former Assistant Deputy Minister of the Ministry of Economic Development and Trade, Mr. Crispino also served as President and Chief Executive Officer of Ontario Exports from 1993 to 2001.

As President and CEO of the Ontario Chamber of Commerce since early 2002, Mr. Crispino speaks for more than 57,000 businesses across Ontario—businesses that are affiliated through 160 local Chambers of Commerce and Boards of Trade. In fact, the Ontario Chamber of Commerce, founded as a business advocate in 1911, is just eight years younger than our club.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada—Mr. Len Crispino.

Len Crispino

Thank you. Mr. President, distinguished head table guests and friends, thank you all for coming this afternoon.

Too often we forget that public policy doesn't happen by accident; it is forums like the Empire Club that are on the leading edge of policy debate.

And that is why I'm here today to tell you about a new, exciting initiative called the Ontario Economic Summit. It will be a gathering of leaders from labour, business, academia and government seeking real solutions for today's challenges.

Before I get to that though, I'd like to provide you with some context on where we've been as a province, where we are and, most importantly, where we need to get to.

Ontario has always been a great place to do business, to earn a living and to raise a family. Certainly there have been ups and downs. That is only natural in an open market.

While we've faced a number of challenges in recent years, the outlook for our future is strong. In preparing background information for the summit, Don Drummond and the TD Bank Financial Group provided us with a white paper on the state of the provincial economy.

In that, the researchers noted Ontario has several key economic advantages working in our favour.

- We are close to lucrative U.S. markets.
- We have abundant supplies of natural resources.
- We have a strong and diverse labour pool.
- We have a strong track record of economic performance—ranking sixth among all of North America's 63 states, provinces and territories in real output.

So we would argue that for the most part, our foundations are strong. At issue is whether we are making full use of those advantages in building our economy. We know that too many highly qualified immigrants are stuck in entry-level jobs. We know that our colleges and universities are coming up with brilliant and innovative ideas, but those concepts aren't being commercialized to their potential.

One of the challenges we face is that we as Ontarians—as Canadians—don't trumpet our successes as much, or as often as we should. Our province has a great history of doing business, and doing it well. Our history in trade and commerce pre-dates our existence as a province.

From fur trappers and loggers, to the agrarian tradition that lives on in our towns and villages, to the wealth mined from the north, to today's welcome reliance on the automotive sector, to tomorrow's leadership in biotechnology, Ontarians should be proud of the traditions of innovation and the entrepreneurial spirit that has built this province and this nation. And each of you in this room is part of that long tradition. Which means that you understand the challenges we face as leaders and innovators.

As Ontario's business advocate since 1911, the Ontario Chamber of Commerce (OCC) is aware of today's challenges and we are actively working to find solutions.

As an example, you're well aware of this province's troubled border crossings into the United States. While the events of September 11 highlighted the problem, delays of up to four hours have been common since the free trade agreement began over a decade ago.

In June the OCC released a study that put a price tag on those delays. The results were staggering. Every year Canada is losing $8.3 billion. Of that, Ontario alone is losing $5.25 billion because of those delays.

Broken down, that amounts to over $1,000 per person living in Ontario each and every year. That is money that could fund hospitals—but isn't. It is money that could be used to create more jobs—but isn't. It is money that could be put away in a college fund—but isn't.

Borders are the choke points of our economy and delays, any delays, act like a hidden tax, sucking money out of the pockets of each individual, each business and robbing us of jobs, investments and prosperity.

I must tell you, this is upsetting because the solutions are so clear.

The first step is for governments at all three levels to begin to work together. We need a short, medium and long-term plan to start addressing this problem. Our plans must include investments in our infrastructure, but we also know that roads, bridges and tunnels aren't enough to solve this problem. We also need investments in technology, so that drivers, shippers and manufacturers know the best way to cross the border. Finally, the government needs to appreciate that it's not alone in finding and implementing solutions. That is what the business community does best.

And while politicians are talking about the problem we need action. It takes about 11 years to build a bridge in this province—two for construction; the rest is politics and paperwork. To me, and to Ontarians, that is simply unacceptable.

Another unacceptable political habit in this country is the inability of politicians to openly discuss truly innovative health-care reforms without persecution. Out-of-the-box thinking is banned and it's an awfully small box we're in.

A study came out in late July that said the Ontario government will have to triple the new health tax by 2008 just to keep pace with its current spending on health care. Within a few years spending on health-care programs will take up a full 50 per cent or more of total government program spending.

And nothing that the politicians have been "debating" for the past couple of weeks will improve sustainability. The agreement has turned the federal government into an ATM machine, funding the status quo. Shifting responsibility from one government to the other is not the answer; there is only one taxpayer.

Now, I'm not suggesting that the federal government shouldn't have come to the table with their offer of $41 billion for health. But given the history of health-care demand there is no guarantee that this will be enough over the long term.

We need a serious debate in Canada on the future of this incredibly expensive system. We need to find leaders who aren't afraid of talking about the elephant in the room. I believe it is our duty to make sure affordable and reliable health care is maintained.

At the same time, the OCC knows that we have to find better, less expensive ways to deliver services. Because, right now, we're sure of one thing: if we keep on this track the system is doomed to complete breakdown.

Now is the time to talk about options. Now is the time to talk about reforms. Now is the time that we begin to carefully craft pilot projects to see how we can maintain this system. It is time that we took the blinders off and started to look for real, long-term options to sustain this system.

One other topic that I'd like to touch on briefly is taxes. It is a long-held belief that the business community is solely interested in wringing tax cut after tax cut out of the government. Luckily for our members we have a broader view of the world.

It is our intent this fall, prior to the provincial economic statement, to present the Ontario Minister of Finance with a plan for significant, and frankly, over-due tax reform. Because while across-the-board tax cuts are nice, our members believe that there are better ways of achieving the same results.

First we need the government to consider harmonizing the GST and provincial sales tax. It makes no sense for two levels of government to collect and administer two separate consumption taxes. Efficiencies must be found in the collection of these taxes.

Second, and on a similar note, we know that it is a waste of time and taxpayers' dollars to file tax forms and paperwork with both levels of government. We believe there are better ways to manage the tax system. If there ever was a time for reform, it is now, given that governments at both the federal and provincial levels are of the same party.

And we know that both government and business will benefit from cutting the red tape.

Finally we are going to speak with the minister about one specific and targeted tax cut. We believe the government should eliminate the job-killing capital tax quicker. Currently the provincial government has plans to phase it out by 2012. We think that they can do better and we'll present our case this fall for the capital tax elimination by 2008 as the federal government has pledged to do.

So these are some of the ways that the OCC is serving you. In a very real sense, dealing with these types of issues is the way that chambers have always served their members. But we as a chamber must and will do more.

Ontario, today, is at a crossroad.

While we know that there is much more that can be done to improve the province, we do have solid fundamentals in place. The future lies open before us and choices must be made; priorities must be set. It is now our turn to cause greatness—not to sit quietly by and hope for the best.

Leadership is needed to make Ontario the most competitive and most successful jurisdiction in the world. And it's our intent to provide that leadership.

On October 6, a group of business, labour, government and academic leaders will meet in Niagara-on-the-Lake to begin the work of the Ontario Economic Summit. We will be coming together as equal partners, with a responsibility of building future prosperity for this great province.

Three distinguished Ontarians have taken up the cause as their own, and have lent their support, their wisdom and their energy to this endeavour as event co-chairs: Bob Rae, the former premier of Ontario; Linda Hasenfratz, President and CEO of Linamar Corporation; and Michael Sabia, President and CEO of Bell Canada Enterprises.

They agreed to this task because:

- They know Ontario's strengths.
- They understand that the global economy is not a static place.
- They recognize that other jurisdictions are fighting hard to capture the elusive competitive edge that we have enjoyed.

Now, we in Ontario must work together to take that next step.

I want to be absolutely clear. This summit of leaders is not being created merely to give government another "to-do" list. We have seen examples of this type of co-operation before.

Right now, it has been reported that General Motors is in discussion with the federal and provincial governments on a significant new investment in Ontario. If this multi-billion dollar project goes ahead, it would be a major milestone, not just for investment, but also for innovation in Ontario. It would create over 150 new research and development positions and train more than 6,000 new Canadian engineering students.

This is a positive step forward, forming partnerships that benefit everyone in this province.

Like the GM project, the Ontario Economic Summit will not be about looking at what others should be doing, but rather what all members can and will do to build a stronger, more prosperous province. That is the key measure that sets this summit apart—participants taking ownership for their ideas and their initiatives.

We must and we will come together as a cohesive group, united by a common purpose for a common goal—to build prosperity for all Ontarians.

Now, the summit is only the first step. This idea, this concept, is about creating and sustaining partnerships beyond a two-day event in Niagara. We have to begin somewhere and I believe we are off to a strong start.

In broad strokes the summit will focus on three areas—Ontario's economy, Ontario-U.S. relations and Ontario-global relations. Members have already begun the work of shaping and sharpening the agenda to focus on their priorities.

Led by researchers at Deloitte, members identified issues in two ways—the first by how important it is to businesses and second by the ability to act on and improve the issue.

The results?

The majority of respondents felt the summit should address issues like innovation, the next generation work force, our investment climate, new and external markets, infrastructure and education. It is an ambitious mandate, and given the attendee list, I believe real, tangible solutions can be found to build on our past successes.

Of course, it would be difficult to pre-judge what results or outcomes we might see from the summit, though I believe it is safe to assume that the answers don't have to be complex.

For example, if we consider for a moment the issue of developing new foreign markets—something I'm familiar with from my time as a sort-of trade ambassador for Ontario in Italy. It was my job to promote this province to potential investors. While that was a formal position, paid for by the government, there is no reason that business leaders couldn't do much of the same work.

It can be as simple as talking about the strong economic climate while having dinner with colleagues in Japan, or Germany, or France. We already know that travelling business leaders like to brag; all we'll be asking is that they brag a bit about Ontario.

It has often occurred to me that the OCC is like a tent, providing protection and creating a better environment for chambers and their members.

And while the OCC is quite good at providing that shelter, being that tent, it has always seemed to me that to do more, to secure our future, it can't just be the business community in the tent.

The business community, as much as we would like to believe otherwise, is only one piece, one part, of the solution. As an isolated community there is only so much we can do, only so high we can reach. And the same is true of labour, of government, of academia.

Our friend Buzz Hargrove, CAW President, and other labour leaders are taking part in the summit. Buzz realizes that labour alone cannot build the kind of future he wants for his membership. Premier Dalton McGuinty will also be at the summit because he knows that government alone cannot fix all that ails society; government is only one part of the solution. Last—but not least—are our colleagues from Ontario's colleges and universities. They understand that their innovative ideas and ground-breaking research alone isn't enough. They need people to take up that data and create a better place in which to live, study and teach.

It's clear: no one group has all the answers.

And that, very simply, is why we must stand together, to plot our course and build a stronger, more prosperous province. Now, this is not a new concept; over 100 years ago this concept was supported by organized labour.

Samuel Gompers was one of the founders of the American Federation of Labor in 1886. He was elected as their president and held that position for 37 years. Under his leadership, the organization grew from a handful of struggling labour unions to become the dominant organization in the United States and Canada.

But this "pro-worker" pioneer understood better than most today the role the corporation could play in society. In 1908, Samuel Gompers said: "The worst crime against working people is a company which fails to operate at a profit." Samuel wanted companies to be profitable. He wanted them to continue to create jobs, pay employees and pay taxes to the government, because that's the best way to improve society as a whole.

Like Samuel, the OCC and I understand that everyone has a role to play in maintaining a dynamic economy for the benefit of all. And that is what this summit is all about.

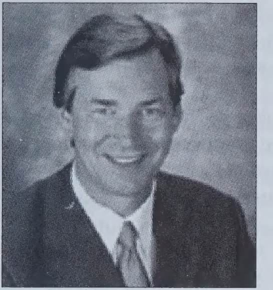
The future lies open before us. With co-operation, with innovative thinking, this summit can be the first step towards this province's golden age. We need strong businesses driving growth, creating jobs, and investing in our province.

Beyond that, we know that business must partner with labour, academia and government. That is the solution that will benefit all Ontarians. That is why the Ontario Chamber of Commerce has taken this leadership position.

It is about creating a better, more prosperous province. It is a powerful, yet attainable vision.

This is my hope for our future. Thank you.

The appreciation of the meeting was expressed by Rev. Dr. John S. Niles, Rector, St. Andrews United Church, Markham and 2nd Vice-President, The Empire Club of Canada.



September 30, 2004

The Hon. Gary Albert Doer

Premier, Province of Manitoba

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Verity Craig, Principal, Carmichael Birrell & Co. and Director, The Empire Club of Canada; Reverend Canon Philip Bristow, Incumbent, St. Philips on the Hill, Unionville; Catherine Walker, Grade 12 Student, North Toronto Collegiate Institute; Greg Lyle, a Principal of Navigator Limited; Ed Greenspon, Editor, The Globe and Mail; Graeme Deans, Vice-President and Global Strategy Leader, A.T. Kearney Ltd.; Michael McCain, President and CEO, Maple Leaf Foods Inc.; Robin Sears, a Principal of Navigator Limited and Director, The Empire Club of Canada; Glen Murray, Senior Resident, Massey College and Former Mayor of Winnipeg; Michael Decter, Chair, Canadian Health Council; Rick Waugh, CEO, Scotiabank; and Michael Cole, Sr. Vice-President, Systems National Markets, Bell Canada.

Introduction by Bart Mindszenthy

Reverend Sir, distinguished head table guests, members of the Empire Club of Canada, ladies and gentlemen, welcome to the second of our very special Premiers Speakers Series that will run throughout the season.

As you know, we have invited all the First Ministers to come to talk to us about their Canada—today and tomorrow—and articulate what they see as the major challenges and opportunities for our country in the next decade.

To support this important series, Ipsos-Reid, the national polling and research firm, graciously volunteered to check the pulse of the nation about the future for the Empire Club of Canada.

The results—compiled and released just a few weeks ago—show a strong and clear trend.

Whether in Manitoba or Nova Scotia, in fact, everywhere across our country, the number-one concern 10 years from now out of the 14 areas of concern we had tested will be services for the elderly and their specific home and health-care needs. That's followed, nationally, by such issues as family health care, waste disposal, energy and a clean environment.

And in the Prairies, the rank order of these greater issues a premier can expect to face a decade from now mirror the national snapshot.

While from time to time governments and their citizens may have differences of opinion on how to address many of the issues we face, it's clear from the Empire Club survey that Canadians are united in their view of the challenges that await this great country and its provincial and territorial premiers and, I dare say, the federal government.

To see and download the full study, please visit our Web site at www.empireclub.org.

Today, we have the pleasure of welcoming Premier Gary Albert Doer.

Like Golden Boy atop the legislature, he is about as Manitoban as one can get. But unlike Golden Boy, he's a whole lot younger and there was certainly no need to re-gild him two years ago.

Born in Winnipeg in 1948, Premier Doer has been involved in just about every major cause and institution in that city and across Manitoba, including his beloved Blue Bombers.

First elected as a New Democratic Party member to the Legislative Assembly in 1986, Premier Doer became leader of the party two years later. Then, in 1999, he was elected Manitoba's 20th premier, and last year re-elected with an even larger majority government.

On his watch, Manitoba's growth rate has routinely exceeded the national average, the province's credit rating has been upgraded, and the budget balanced every year.

He has been one of the strongest proponents of the Kyoto Accord, which, by the way, Russia ratified today.

Premier Doer believes in a strong Canada and the need for provinces to work together for a prosperous future. But he also recognizes the challenges at hand.

Perhaps he summed it up best in response to a question of what he thought it would take to reach a deal with the federal government at the recent First Ministers' conference. Quipped Premier Doer: "It's gonna take more than love, trust, and pixie dust!"

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Premier of Manitoba, the Honourable Gary Albert Doer.

Gary Doer

I think it's important that I have a chance to speak directly to you because we're often cast as money-grubbing premiers going to Ottawa on bended knee, begging for money and begging for the scraps off the table. The Oliver Twist cartoons come to mind. It's an opportunity for us to say to you, that as the people that pay over 80 per cent of the health-care bills, we just want a fair partnership. We're not money-grubbing people and premiers spend more time under the able leadership of Dalton McGuinty, our Council of the Federation Chair, talking about what we can do, than we do on health care.

We deal with real issues. To give you an example, Bernard Lord was here last week and he and I are trying to get $284 billion of internal trade in Canada liberalized in the country. We are trying to reduce the barriers that exist between provinces and have true free trade, full procurement for all crown corporations (including the federal crown corporations) and we're trying to have an enforcement mechanism that actually works for you and your businesses and for the citizens of our provinces. We want real enforcement for real liberalized trade in Canada and again it doesn't get all the media that some of the other disputes get, but it is very important.

I know Bernard Lord talked last week about the health-care agreement. Let me just say, that I thought Dalton McGuinty did an excellent job of keeping 13 different people and the Prime Minister together. He tried to focus 13 different people from at least three political parties from different regions of Canada with different health-care standards in one direction.

I thought it was very, very, important to go from a take-it-or-leave-it federalism which we had been part of (You have got five minutes; take it or leave it) to a much more co-operative federalism in Canada. I want to give the credit to your premier here in Ontario and the Prime Minister to finally end the bicker fest that has been part of the annual meetings between the federal and provincial governments. We needed to get something that you want in your businesses—predictable funding with realistic escalators—so that we can make long-term decisions and not just short-term decisions.

For example, we had an immunization program in Canada, which was a great idea, announced by the previous government. Immunizations, for chicken pox for example, would save $100 million in health costs. One of our problems with that agreement is it ended in 2007. It went from 2004 to 2007 and premiers can't spend money or make investments or announce programs that are going to end in 2007, because, surprise, surprise, we are going to have children after 2007 in Canada and we will still need those immunization programs. Predictability, stability of funding, long-term funding and certainly an escalator make sense.

We need to spend a lot more time on prevention and community-based wellness. We've got to spend a lot more time on other aspects of health care, but certainly health care is a social advantage in Canada. When I'm talking to businesses in the United States, looking at expanding into Manitoba or looking at expanding other operations located in Manitoba, I know that health care is a competitive advantage.

Much has been made of the Quebec issue. I would just like to say that I think the federal-provincial agreement dealing with Quebec represents a new maturity in Canada. We are dealing with a federalist premier Jean Charest. We're dealing with a federalist Prime Minister from the Province of Quebec. This is a modern flexible agreement. If one looks back to the old days of the '60s, the QPP and CPP were set up as bi-lateral agreements. The Cullen-Couture Agreement on Immigration was set up between Ottawa, the Trudeau government and Quebec, again as a bi-lateral agreement. The Health Council was set up by the former prime minister as a separate co-operative council with the federal government. This is the first time that these bi-lateral agreements have actually become part of a national agreement. The multilateral recognition of this agreement by all premiers from all parties I think is good for the federalist premier in Quebec and I personally believe it's very, very good for Canada.

I would say that we have to move ourselves to other issues that are important for Canada. I believe the co-operative agreement and spirit should succeed in getting a new agreement from municipalities consistent with the Prime Minister's promise. It's very, very, important to move on to some of the issues that have been raised by the cities and municipalities in Canada and we look forward to being part of the solution to those ideas as well.

I want to speak for a moment as we move optimistically into 2005 and deal with some of the issues in 2004 that have been part of our debate for too long—health care, municipal funding and issues of internal trade. I am optimistic that in the next couple of years we can deal with issues of tomorrow as part of the challenges in Canada. I'd like to speak on two of them and that is post-secondary education and public education and a national energy focus and strategy for the future.

Certainly, we know that post-secondary education is important when you talk about municipalities. The Canada West Foundation talks about municipal funding and universities and the quality of life in our communities. I was proud of the fact that the former mayor and I worked on both the funding of the University of Manitoba and the new colleges and restored historic areas of Winnipeg in a co-operative way to build up our enrolment, to build up our capacity for skills and knowledge and also at the same time do so in a way that was consistent with the long-term vision of our communities.

I believe post-secondary education is crucial for Canada and I want to show two slides quickly and talk about what's happened to post-secondary education in the last 10 years. This slide indicates that the share of federal investment in post-secondary education has reduced by 50 per cent and at the same time in the United States the amount of money as a percentage of GDP has gone up considerably, relative to Canada, and relative to our investments in our future.

I dare say that all of you know and all of you would support a statement that Tony Blair has made often, that you cannot have an economic strategy without an education strategy. I think in Canada we have to spend as much time, effort and intellectual work on post-secondary education and public education as we have spent on health-care initiatives and lack of initiatives over the last number of years.

I believe it's crucial to have an economic strategy that is tied to education and training, and not just in post-secondary education. I also believe it's important in public education. We have got to roll up our sleeves and really look at where we are succeeding in education and where we are failing. Life-long learning, early childhood development and, obviously, post-secondary education go together, but public education and targets in public education are obviously very, very, important for our future. So I'm suggesting that the Council of the Federation made up of premiers work together with the private sector, the education sector, the federal government, the scientific community and the research community to talk about the gaps in education arising out of public education, to take an honest inventory of what we're doing right and what we're doing wrong and what that will mean for us down the road. We have to also take a look at how we can ensure that Canada and our provinces are going to be able to train people in a skilled economy and in a knowledge economy that is going to be so very, very, important as we compete with the United States and as we compete with other trading nations that are really, really increasing their GDP, partly through an educated, skilled, and trained work force.

Everybody talks about Ireland in terms of tax cuts. Ireland had a national strategy to look at accessibility, affordability, innovation, knowledge and skill development. That came first before the economy grew. The tax cuts came after. I think we've had a discussion in Canada about spending on health and tax reductions. We've spent very little time making sure that we have an intelligent plan and an intelligent strategy. I think the task for premiers and the Council of the Federation is to work with all our partners in all our responsibilities.

The private sector has been very good in the last couple of years to post-secondary education. In Manitoba, we invested $50 million in capital at the University of Manitoba. The private sector pledged $100 million and I think it's up to $200 million in terms of its commitment. Investment in the long term from the private sector has been very, very helpful and we thank you here at this meeting.

Finally, I think we should we talking in Canada about the whole issue of energy and energy reliability. I was just recently speaking in New Mexico with Governor Richardson who is working with Arnold on some ideas of renewable energy and California's demands. We know that's going to be very important for Canada. Manitoba sells electricity to the United States. We sell lots of electricity to the United States. I've got a map here of the

North American power grid and I think the picture is worth a thousand words. You can see there are three north-south spaghetti lines of transmission going from Canada to the United States. You can see also that this country has no grid east and west. The empire, if you will, has no grid and I don't know whether this is by design from a lack of a national policy or by just drifting along, but I think it's an issue we should have on our national agenda.

When the lights went out in Ontario last year, the only place you could get power from, even if we had excess power in Manitoba or Quebec, was Detroit and other places in the United States. An east-west transmission line in my view would provide more reliability and more affordable options for Canada and I say that as somebody who has a pecuniary interest in an east-west grid. Selling hydro-electric power is an advantage to Manitoba. Jesse Ventura said, "I can't believe that water from Minnesota flows north to Manitoba," but it does; 25 per cent of the water in North America flows through Manitoba. We can sell hydro-electric power. We're close to Chicago in terms of the grid. We can sell it north and south. Quebec can sell it to New York. Vancouver and Alberta can sell their energy to California. The United States under President Bush has a plan to link east-west transmission in the United States. Now it's tied up in the Congressional Houses with the issue of drilling in Alaska, but there is a national strategy before the U.S. decision makers. Of course that has been accelerated by the issues of reliability and the lack of standards identified by our Energy Minister and Spencer Abraham last year with the lights out in Ontario.

I would say that in Ontario that you have a gap of 25,000 megawatts that must be filled by the year 2020 and I want to applaud Dalton McGuinty for taking a long-term leadership approach to identifying how you will fill that gap. I do believe that the gap should be filled with a basket of renewable energy and a basket of traditional energy and I would argue that as a country, we should look at the issue of capacity east and west, rather than taking our abundant energy which we have in Canada, and our abundant resources which we have in this country and just have it continue to go north and south, rather than looking at the option of east and west. I'm not saying that anyone would want to just go with one option, north or south, or east and west, but I think, it should be part of the options in terms of energy decisions in this country to deal with reliability. I would also add that some renewable energy will have a tremendous benefit for our obligations under Kyoto.

Now I supported Kyoto and Ralph Klein accused me of only supporting Kyoto because we wanted to sell more electricity. He's right, I'm guilty. If we built a 1,500 megawatt dam in Manitoba and had the transmission capacity to replace coal generated energy it would be the equivalent of reducing the number of cars on the streets of Toronto by 500,000. I can't do anything about the traffic jams but I can do something about the emissions and it would also make a lot of difference to the quality of life there. Let's not just talk about and whistle about emissions in Canada, while children wheeze with asthma in some of our communities. You can improve quality of life. It can help us meet our Kyoto commitments that now receive more importance with the decision of Russia to ratify Kyoto and it can provide, I think, economic and affordable reliability in Canada.

I believe that immediately as a country we should take a long-term strategic focus on energy reliability east and west. We may decide not to do it and that's fine, but I'd hate to have decisions made by default, where we just keep selling power cells and so does Quebec, and so does British Columbia. We have the jurisdictions to do that, but I hate as a country just by default not to look at the fact that we have no east-west grid and no back up of reliability and affordability in this country.

I believe that we should have three strategic priorities in terms of meeting our needs, and again I think Ontario is well on the way to making these decisions.

We should tie together the capital investments that are needed to supply 25,000 megawatts of power. The corporate tax will go to the federal government. Some of that corporate tax should be re-invested I believe in a grid.

We should look at the approval process. It's too long. Public interest now has become opposition interest. When you look at an approval process for any dam or any kind of process that has to go through an environmental assessment, it takes up to four years to get a license. Now I don't know if there are any lawyers in this room, but in my view there's one lawyer per megawatt now in the approval process in Canada and the public interest has to be balanced by those who need the power at an affordable rate in a reliable way with the people who come to those hearings to oppose, to oppose, to oppose. Due diligence needs balance.

We should look at the Kyoto requirements if we are sincere about implementing Kyoto. We need a plan. So far, we've only got a deal, or part of a deal on an implementation plan to deal with sheltering, in a similar way to New Zealand, some of the petro-chemical industries in Canada. We need a long-term Kyoto strategy and I would argue the electricity gap, east-west grid, reliable renewable energy and Kyoto could go together as part of an economic and environmental strategy.

Thank you, very, very much for your time today. I know I covered a lot of topics, but I really feel passionately, that we have got to deal with post-secondary education and an energy grid to make sure Canada stays strong into the future.

Thank you very, very much for your time here today.

The appreciation of the meeting was expressed by Robin Sears, a Principal of Navigator Limited and Director, The Empire Club of Canada.

Professor Janice Gross Stein, Director, Munk Centre for International Studies and The Hon. Barnett Danson, PC, OC, Consultant, Former Defence Minister and Honorary Director, The Empire Club of Canada.

October 7, 2004

Professor Janice Gross Stein

Director, Munk Centre for International Studies

THE MIDDLE EAST: THE MATCH THAT CAN IGNITE THE WORLD

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Kamal Hassan, Director, The South-East Asia Group and Director, The Empire Club of Canada; Chelsea Shanoff, Grade 12 Student, Lawrence Park Collegiate Institute; Reverend Vic Reigel, Pastoral Staff, Christ Church, Brampton; Alan Broadbent, Chair, Maytree Foundation; Isabel Bassett, Chair, TVOntario; The Hon. William G. Davis, PC, CC, OC, Counsel, Torys LLP and Former Premier for the Province of Ontario; David Agnew, President and CEO, UNICEF Canada and Director, The Empire Club of Canada; Jon Dellandrea, Vice-President and Chief Advancement Officer, University of Toronto; and Vivian Bercovici, Vice-President, Legal and Public Affairs, The Dominion of Canada General Insurance Company.

Introduction by Bart Mindszenthy

Distinguished head table guests, members of the Empire Club of Canada, ladies and gentlemen, I don't know about you, but I've always been fascinated by what we call "The Middle East."

It's a place that's flush with history, steeped in mystery, and vivid with conflict. A place where cultures and religions and values complement and clash, where we have witnessed so much turmoil, pain and strife. It is a part of our planet that's been the perpetual focus of the rest of the world for well over half a century. The birthplace of three of the world's great religions, the Middle East offers us a tapestry of riches, and at the same time slaps us full in the face with complex challenges that seem insurmountable.

Understanding the Middle East isn't easy. Yet there is one Canadian who has dedicated her career to not only understanding, but interpreting and explaining what is happening and why, and what that means to all of us. And that person is Professor Janice Gross Stein.

A Montrealer by birth, Professor Stein is publicly understated with her pride of her two sons, and even more unassuming about her pleasure in gardening.

But she can't escape acknowledgement or accolades for her respected insight as an investigator of events. This includes being Director of the Munk Centre for International Studies at the University of Toronto. As well, Professor Stein is the Belzberg Professor of Conflict Management in the Department of Political Science at the University of Toronto and a Fellow of the Royal Society of Canada.

Professor Stein has authored more than 80 books, book chapters and articles on intelligence, international security, negotiation processes, peacemaking and public policy.

She currently serves as Vice-Chair of the Advisory Board to the Minister of Defence and as a member of the Board of CARE Canada and one of the team charged with finding the University of Toronto's next president.

Professor Stein was the Massey Lecturer in 2001. The lectures were published as "The Cult of Efficiency," which became a national best seller. She also provides regular news commentary for CBC and TVO. Recently appointed a Trudeau Fellow, she was awarded the Molson Prize by the Canada Council for an outstanding contribution by a social scientist to public debate.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada, Professor Janice Gross Stein.

Janice Stein

The Middle East is a tinderbox, with flames licking at the edges. As news stories report the ongoing violence, broader threats to the region and world are building. The prospect of a nuclear-armed Iran, as well as widespread economic deprivation, militant Islam and the safety and security of the supply of oil are the tinder. Not only the current conflicts that capture the headlines, but also those that are emerging could ignite the flame. What can the outside world do? The international community requires fresh approaches and new strategies to prevent ignition.

A brief look at the Middle East is not encouraging. Violence between Israel and Palestine continues to escalate and to exact its grinding toll, with no end in sight. Israelis and Palestinians are locked in a war of attrition, which neither can win, but both have lost hope in negotiation and in peaceful solutions. They are locked in a deadly spiral and they see no way out.

The brutal regime of Saddam Hussein has been unmade—its instruments of repression and violence have been destroyed—but it is far from clear that Iraq can now remake itself. A population that has been brutalized for decades is now seething with humiliation and anger at the foreign troops in their midst. Their anger is unleashed in a context where guns and ammunition are available on every street corner. It is no surprise that Iraq is boiling over with violence, and that an insurgency against the United States is gaining in strength. Iraqis live daily with insecurity, vengeance, and death.

The challenges ahead are formidable as Iraq struggles to create a future. In the next decade, can Iraqis build a functioning society, bridge the deep divides among its Sunni, Shiite, and Kurdish populations, and create institutions that will reduce the violence and the brutality that has been its history for the last 30 years? Can they build a politics which is authentically their own, but is free of violence and repression? Can they preserve their rich heritage and at the same time create a safe space to do politics?

Or will Iraq slide deeper into violence, descend into anarchy, and become a "failed state," an inviting home to those who seek to use terror to rid Iraq and the Middle East of the hated foreigner, the outsider, that has colonized the Middle East in the last 150 years? Will it become the new safe haven for networks of terror whose target is not Baghdad, but Washington, London, Paris, and Berlin? Will a failed Iraq provoke a region-wide conflict among Iran, Turkey, and Syria as they scramble for the spoils?

All these futures are real possibilities. Which future develops will matter not only to Iraqis, but to the Middle East and to all of us.

Across the border, Iran is proceeding with its nuclear program. It has acknowledged that it has begun the process of enriching uranium. Despite a year of multilateral engagement with European powers, Iran has not wavered in its determination to continue with its nuclear program. Iran's leaders insist that its program is for peaceful purposes, but for years it concealed its nuclear activities from international inspectors. It is possible that 10 years from now, or five, Iran may have nuclear weapons. A nuclear Iran would challenge Egypt, Syria, and even Iraq, to develop nuclear weapons of their own. Israel's finger would be constantly on its nuclear trigger. It is not difficult to imagine the terrible consequences that could flow from a nuclear arms race in this part of the world.

In Sudan, a human catastrophe of major proportions has exploded in Darfur. Over 50,000 people have been killed in the last 18 months, and 1.5 million refugees have streamed across Sudan's borders into Chad. Representatives of the United Nations have brought the crisis in Sudan to the Security Council, but after months of debate, the council has yet to take meaningful action. A tiny force of observers from the African Union patrols an enormous area, with little effect. African states stand ready to send additional forces, but they need logistical and communications support, and transportation. The United Nations has not been able to persuade any of its members to step forward. Unless a global response can be co-ordinated in the next few months, hundreds of thousands will die of disease and starvation.

These pockets of flames are embedded in tinder throughout the rest of the region. The combined gross domestic product of the 22 Arab countries—including the oil-rich—is less than that of Spain. From 1960 to 1990, labour productivity dropped in the Arab world, while it soared everywhere else in the world. The Arab Human Development Report, written by Arab social scientists, tells us that every second citizen in the Arab world is ready to emigrate. It finds no significant improvement in political openness, respect for human rights, or freedom of the press. The Middle East has slid backward while almost every other region in the world has moved forward.

It is no surprise that, in almost every Arab country, militant Islam is growing in strength as the only viable alternative to governments that have failed to deliver the most basic services, economic opportunities, and political responsiveness to grievance. To make matters even worse, most Arab countries have very young populations. In Egypt, over 50 per cent of the population is below 25 years old. As governments fail to deliver on their most basic promises, angry, frustrated, and often hopeless young people are ready recruits for militant Islam. I see them all over the Middle East. The gravest threat to global security is not weapons of mass destruction, or even rogue states, but unemployed, disenfranchised, angry young males. The Middle East will continue to export violence if it cannot meet the basic needs of its young people.

All this in a context where oil has never been more important—and more expensive—in the global economy. Energy-hungry China and India have only begun to push up world demand for oil. The strategic importance of oil can only grow over the next quarter century. Oil will continue to be the vortex which sucks great powers into the region, distorts its politics, and strengthens the autocracies that are in place. With only mild exaggeration, we can say that oil has been the curse of the modern Middle East. It draws outsiders in and allows insiders to avoid the difficult economic, political, and social choices that they would otherwise face. It is hard to conceive of a more explosive mixture of ingredients.

What can we do to change the trajectory of the Middle East? How can the outside world be most helpful? Another way of asking the same question: how can outsiders help to ensure that militant Islam does not become the dominant form of political expression in the Arab world in the next decade? If it does, the whole world will pay the price.

It is important to be modest about what outsiders can do, for outsiders have done far more harm than good in the modern history of the Middle East. In this spirit of restraint, let me make some unconventional suggestions.

First, we must work to create more flexible and more nimble international institutions that can help to provide order and security. The UN Security Council has failed, and failed badly, in Darfur. It is hard to conceive of this kind of failure only 10 years after Rwanda, but the UN has not protected civilians in Darfur. It is vitally important to make our institutions both more inclusive and better able to respond and protect. Reform of the Security Council and a change in the veto could help, but neither has been the obstacle in Darfur. Those who affirm the international community's "responsibility to protect," as Canada does, may have to go around the Security Council. Prime Minister Paul Martin has proposed creating the equivalent of the G-20 to deal with political and security issues. A new G-20 may not necessarily solve all the problems, but it is an initiative that moves us in the right direction. If we are to meet the challenges of the next decade, we desperately need to experiment and innovate to build more responsive and flexible institutions.

Second, the Arab world suffers acutely from a deficit in governance. Arab writers make this point again and again. Here, countries like Canada could do a great deal. We could work with journalists, political parties, electoral commissions, public administration, and jurists when we are asked to do so. I have been asked repeatedly by colleagues in the Arab world for help from Canada on governance issues. Often, unfortunately, the request goes unmet. Our government is not positioned to respond. We are not organized so that our people can be sent when they are invited to come. Often, a request is lost in institutional bickering or buried in reels of red tape, so that by the time we do respond, the invitation has been withdrawn. We cannot afford to continue to waste our best assets. Canada has much to offer—its values, principles and legal norms that underpin good governance, its federal experience, and its multicultural practice—when interested states come calling.

Finally, an important debate is now taking place in Europe on beginning a process to admit Turkey into the European Union. Turkey is a large Muslim nation, with functioning political institutions and an improving record on governance. Yet, some of the discussion we hear from Europe is, quite frankly, shocking. Frits Bolkestein, a Dutch member of the executive committee of the European Union, warned that Europe risked becoming Islamized if Turkey joined. If that should happen, he concluded, the battle of Vienna in 1683 when Austrian, German, and Polish troops pushed back the Ottoman Turks would "have been in vain."

Imagine how this conversation sounds to Arab ears that are also listening to Europe and North America as they preach good governance. Imagine how this conversation sounds to the millions of Muslims who are law-abiding citizens within the European Union. It is difficult to avoid a charge of hypocrisy. If Europe cannot accommodate Islamic governments within its political and economic institutions, the militant Islamists have won before the stakes have been engaged. A European Islam offers an unparalleled opportunity for pushing the conversation within the Arab world. But will Europe meet the challenge, or turn its face away?

Making space for political Islam is the challenge of the next decade. We do not have much time. The Arab world gave Islam to the world. If its gift is not accepted, if it is rejected and thrown back in its face, the angry young men, already facing little opportunity and with little hope, will find solace in the militancy that threatens them as much as it threatens us.

The appreciation of the meeting was expressed by David Agnew, President and CEO, UNICEF Canada and Director, The Empire Club of Canada.

October 14, 2004

Rajesh Subramaniam

President, FedEx Canada

THE DEMAND FOR DIVERSITY IN THE NEW WORKPLACE ORDER

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Diana Conconi, Vice-President, Fleishman-Hillard and Director, The Empire Club of Canada; Chelsea Shanoff, Grade 12 Student, Lawrence Park Collegiate Institute; Dexter Hinkson, Youth and Family Pastor, Christ Church, Brampton; Tom Duke, Operations Manager, Inkan Limited; Fred Fulton, Vice-President, Marketing, Fulton Windows; Sean McNamee, Vice-President, Legal, Regulatory Affairs and Human Resources, FedEx Canada; Doug Morris, Contract Sales, Inkan Limited and Director, The Empire Club of Canada; Ratna Omidvar, Executive Director, The Maytree Foundation; Michael Keaveny, Commercial Consul for U.S. Consulate, U.S. Commercial Service; and Lucille Joseph, President and CEO, Career Edge Organization.

Introduction by Bart Mindszenthy

Ladies and gentlemen—Diversity. In the context of today's luncheon address, the dictionary defines this noun as "ethnic variety, as well as socioeconomic and gender variety, in a group, society, or institution."

Sounds pretty simple and straightforward to me.

But while "diversity" may be a wonderful word with an important meaning, I suggest that it's too often become scared and tainted and maligned by prejudice, fear, misunderstanding and shortsightedness.

In fact, failing to tap into the real benefits of diversity in the workplace costs the Canadian economy close to $2.5 billion annually. According to the 2001 University of Toronto study that put such a hefty price tag on what's sometimes called our "brain waste," the skills, talent and potential of immigrants are being grossly underutilized in the Canadian workplace for a host of relatively regressive reasons.

Charles Darwin reminded us that, "It is not the strongest or the most intelligent that will survive, but those that can adapt and change." Clearly, that applies not just to all living beings, but also to organizations in Canada and around the world that want to remain vibrant and relevant entities.

Which brings us to our guest speaker today—Rajesh Subramaniam, who has been President of FedEx Canada for just over a year now. When he said he wanted to speak about diversity in the new workplace order, I felt it was an important topic begging to be addressed by a corporate senior executive.

Born in Trivandrum, India, he was a 1987 top graduate in chemical engineering from the Indian Institute of Technology. This was followed in short order with two masters' degrees: in chemical engineering from Syracuse University, and in business administration from the University of Texas in Austin.

Mr. Subramaniam joined FedEx in 1991 as a marketing analyst, then was shifted to marketing and communications responsibilities for the Asia Pacific region in 1996.

Prior to his appointment in Canada, he was Vice-President for FedEx's Asia Pacific operations for four years.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the President of FedEx Canada, Rajesh Subramaniam.

Rajesh Subramaniam

Thank you for that kind introduction.

It's a pleasure to be a part of this prestigious forum, and to see so many people with a shared interest in workplace diversity. This issue—by its very nature—is rather complex. My remarks will focus on three aspects.

I'll first outline a business case for it. Then I'll talk about some of the key barriers limiting workplace diversity today. Finally, I'll briefly talk about ways in which we can foster a diverse workplace and in turn achieve some great things.

By doing so, I hope to leave you with one underlying impression: business leaders—many people in this room—must ensure their workplace is a meeting ground for differing and diverse ideas, opinions and perspectives.

To this end, it's our responsibility to break down barriers: not in the name of equality, but diversity. Not out of kindness, but necessity.

I believe it's possible. The private sector has long championed important social reform, including day-care and health-care benefits. It's now time to advance diversity in the new workplace order.

There's a strong business case for it. Professor Jeffrey Gandz of the Richard Ivey School of Business explains why. His research suggests that diversity can:

- capitalize on opportunities to improve products and services;
- attract and utilize people effectively;
- improve the quality of decision making; and,
- reap the many benefits from being perceived as a progressive organization.

I would add two more reasons to this list.

The first stems from the increasingly complex and volatile world that business must operate in. The marketplace is populated by a myriad of stakeholders, all with their divergent needs, interests and objectives. To remain relevant, an organization needs a diverse work force, with an appreciation for, and an intimate understanding of, these stakeholders.

The second reason centres on the need to be innovative. To remain viable, an organization needs to create thousands of new ideas. That's one tall order.

Companies need to rely on all of their employees for ideas. Gary Hamel describes this as "unleashing the imagination of people across the organization." This calls for an environment that fosters diverse and differing ideas, opinions and perspectives.

All of this sounds good in theory, but what does it mean in the real world?

Ask Japanese car maker Nissan. Its storied turnaround—from a $5.6 billion loss in 2000 to a $2.5 billion profit this year—can be attributed in large part to its Brazilian-born, French-educated and globally minded CEO, Carlos Ghosn.

Skeptics said he could not bridge the cultural barrier to revive the company. Yet he successfully injected a new mindset at Nissan that replaced insular with independent thinking. It was the fundamental shift that drove Nissan's turnaround.

Ghosn explained that: "We have a tendency to reject what is different. And at the same time, we need what is different. Because what is different is the only way we can grow…"

The underlying point is clear: sameness is suicide in the business world—particularly now as we operate in the global economy.

It's my firm belief that success will only come to those organizations that can tap into the different backgrounds and abilities of their employees.

This does not necessarily mean organizations must go out of their way to protect and promote specific groups of people. But it should mean that they create an environment that ultimately treats everyone as an individual.

In a sense, criteria for preferential treatment must be based on competitive advantage rather than personal disadvantage.

Now I'm sure most of you work for companies that possess progressive human resources policies. But I believe there's still a disconnect between the rhetoric and the reality of workplace diversity.

This leads me to my second point today: there still remain some key barriers to workplace diversity. Consider some facts.

A study by the Conference Board of Canada found that visible minorities are not represented well in key decision-making positions in Canadian companies. Only 3 per cent reported having a CEO who was a visible minority. Another study found that less than 2 per cent of public companies had visible minorities on their boards.

But discrimination extends beyond ethnic lines. Another survey found that a majority of women executives don't feel fully accepted into executive-level culture.

- Sixty-nine per cent of respondents said that men's lack of comfort in dealing with them on a professional level was a barrier to their advancement; and
- Sixty-six per cent said their exclusion from things like "the boys' club" was holding them back.

How can these startling figures coexist with the progressive practices of corporate Canada? My sense is that today's key barriers are far more subtle than those of 25 years ago. And they are far more difficult to overcome.

Today, for instance, we talk about "organizational fit." It's a consideration in hiring a potential employee or promoting a certain candidate. The objective is to examine if an individual shares in, and will sustain the company's corporate values. This is—rightfully so—a prerequisite to many employment opportunities, particularly in senior management.

But "organizational fit" can have different meanings to different people. Even with the best intentions, it may have more to do with someone's personal rather than professional principles.

You'd likely never ask, but certainly may wonder, if a potential new employee would:

- be a regular at the company's Thursday pub nights;
- participate in the banter with the firm's largest client; or
- attend golf getaways with senior management.

Failing to live up to the employer's expectations may prevent an individual from receiving the job offer, or promotion.

It's a much more subtle form of discrimination, but this line of thought still considers an individual's lifestyle over their ideas and corporate values; their personal attributes over their professional contributions.

Don't get me wrong: organizational fit is a two-way street. Each employee has a personal responsibility to integrate as best as he or she can into the employer's corporate culture. Still, the challenge remains: how can companies strike a balance between organizational fit and diverse workplace?

This leads me to my final point: ways in which organizations can foster a diverse work force. I believe it comes down to three things: leadership, action and cultural alignment.

Lets talk about leadership first. Given its strategic value, diversity must be a corporate priority, led by the CEO.

I've taken it upon myself to champion the issue of workplace diversity inside and outside my company—to set a personal example by demonstrating flexibility and awareness. My job is really to create an environment that works for all employees.

And then there's action. Managing diversity requires meaningful acts—perpetuated through a range of policies and procedures. For instance, at FedEx, we've enshrined a "Guaranteed Fair Treatment" process, which gives employees an outlet to escalate issues and challenge behaviour that they might interpret as unfair for whatever reason.

Self-examination is a key factor in building a tolerant and co-operative workplace. That's why FedEx has a number of educational programs that not only help managers understand the differences of others but also understand their own individual tendencies and biases.

We also conduct a global annual employee survey, which also measures our cultural sensitivity. Ultimately, the survey provides a mechanism for internal change because all managers are accountable for the findings, and must act upon any areas of concern.

These programs are not seen by our employees as "over and above the call of duty." It is our duty. That's because diversity is an integral aspect of our corporate character. This leads to my third point: cultural alignment.

Let me explain.

Our founder and CEO, Frederick Smith, believes that "when people are placed first they will provide the highest possible service, and profits will follow." Resulting from this principle is the FedEx corporate philosophy: People-Service-Profit.

For the purposes of my remarks today, all you need to know is that the people priority acknowledges the importance of employee empowerment. The objective is to create an environment where employees feel secure enough to take risks and become innovative in pursuing quality, service and customer satisfaction. The acts I mentioned are just some of the ways in which we do just that.

Now I don't want to leave you with the impression that we've got the perfect workplace. We always look for ways to improve upon ourselves. That's why we look forward to meetings like this one, to prompt discussion and share ideas. But, all in all, I'm proud of the people-focused environment that we've created at FedEx.

I've presented several facts and figures throughout my remarks today. But I want to leave you with one finding that strikes at the heart of this issue.

More than 75 per cent of internationally trained professionals are not working in their field of choice in Ontario. This means, each and every year, tens of thousands of highly qualified people are overlooked or undervalued by the public and private sectors.

I feel for these people because I know what they're going through. By 1991, I'd completed two degrees in the United States: a master's in chemical engineering and an MBA. I searched high and low for a challenging job. I applied to hundreds of them but to no avail.

It was a tough market—to be sure. But many companies did not have the appetite to go through all the paperwork and processes required to sponsor a non-U.S. citizen. Fortunately FedEx saw things differently.

But many of my international friends weren't so lucky. They ran up against a wall that prevented them from finding work in their chosen profession. This—and all other situations that limit diversity in the workplace—must be addressed.

That's why I'm calling upon you today to help break down walls that prevent engineers from designing; doctors from treating; tradesmen from building.

I'm calling upon you today to help break down walls that prevent any man or woman from advancing in their career, regardless of their personal, cultural or religious background.

Ultimately, I'm calling upon you today to help break down walls to build a more prosperous future.

To this end, we need to work together with regulatory bodies, professional associations, government, colleges and universities to reduce and eliminate barriers that prevent skilled workers from entering their field of work.

We also need to take a closer look at our organizations, to balance "fit" with diversity, champion the cause, enhance policies and procedures and make them an integral part of our work culture.

We must do this not out of equality, but diversity; not out of kindness, but necessity.

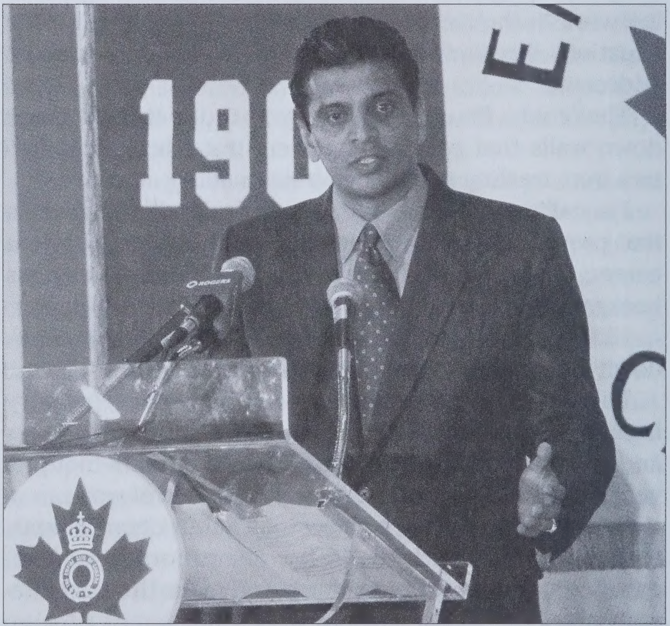
Just think of our own community. Half of this city's work force is born outside Canada. More than 40,000 immigrants arrive here each year.

This makes us one of the most international cities in the world. And, as such, gives us a great competitive advantage—if we're able to provide citizens with the kind of life that they want for themselves.

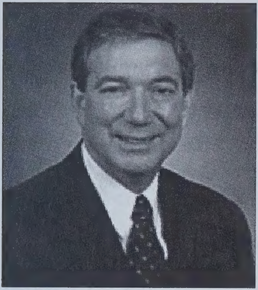
Let's welcome their diversity of ideas, opinions and perspectives. Our future prosperity depends upon it.

Thank you.

The appreciation of the meeting was expressed by Doug Morris, Contract Sales, Inkan Limited and Director, The Empire Club of Canada.



Rajesh Subramaniam, President, FedEx Canada.



October 21, 2004

The Hon. Patrick George Binns

Premier, Province of Prince Edward Island

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Charles S. Coffey, Executive Vice-President, Government and Community Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada; Heather Cohen, Grade 12 Student, North Toronto Collegiate Institute; Reverend Dr. John Niles, Rector, St. Andrews United Church, Markham and 2nd Vice-President, The Empire Club of Canada; Mark Binns, General Manager, Ivey Business Consulting Group and the son of our guest speaker; Fred Hyndman, Managing Director, Hyndman & Company Limited; Stanley Griffin, President and CEO, Insurance Bureau of Canada; Duncan Jackman, Chairman and President, E-L Financial Corporation and Director, The Empire Club of Canada; Professor Thomas Symons, Founding President and Vanier Professor Emeritus, Trent University; The Hon. Barbara McDougall, Advisor, Aird & Berlis LLP and Former Minister of External Affairs; and Ron Waite, Vice-President, Aliant.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the third of our very special Premiers Speakers Series that will run throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow. To articulate what they see as the major challenges and opportunities for our country in the next decade.

To support this important series, Ipsos-Reid, the national polling and research firm, graciously volunteered to check the pulse of the nation about the future for the Empire Club of Canada.

The results—recently compiled and released—show a strong and clear trend.

Everywhere across our country, the number-one concern 10 years from now out of the 14 areas of concern we had tested will be services for the elderly and their specific home and health-care needs. That's followed, nationally, by such issues as family health care, waste disposal, energy and a clean environment.

And in the Atlantic provinces, the rank order of these greater issues a premier can expect to face a decade from now mirror the national snapshot.

It's clear from the Empire Club survey that Canadians are united in their view of the challenges that await this great country and its provincial and territorial premiers and, I dare say, the federal government.

To see and download the full study, please visit our Web site at www.empireclub.org.

Today, we have the pleasure of welcoming Premier Patrick George Binns.

You will recall the famous old adage: go west young man. It referred to the challenge of finding one's fame and fortune. Well, Premier Binns, who was born in Saskatchewan 56 years and two weeks ago, did the exact opposite. After earning his master's of arts in community development from the University of Alberta, he headed east to the Prince Edward Island Rural Development Council in 1972.

Six years later, the man who would be premier was elected to the Legislative Assembly, then re-elected and assumed an impressive range of ministerial portfolios. From 1984 to 1988, he served in the House of Commons, followed by eight years in the private sector back on Prince Edward Island.

Nineteen ninety-six was a big year for this man from the West. He was elected Leader of PEI's Progressive Conservative Party. He was elected again to the Legislative Assembly and he was sworn in as the province's 30th premier.

And today, he can justly lay proud claim to being the first Progressive Conservative premier of the province in more than a century to win three successive majority governments.

As well, he co-founded the Council of Atlantic Premiers four years ago, while continuing to drive a focused agenda of growth for his province.

Meanwhile, his wife manages the family's dry bean processing plant and farm. Clearly, the premier is not the family "bean counter."

But what we do have is the young man from the West who went east and certainly has earned a place in Prince Edward Island history, who has earned respect and fame. Not sure about the fortune part!

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada, the Premier of Prince Edward Island, the Honourable Patrick George Binns.

Pat Binns

I am very pleased to be back, once again, to address the Empire Club of Canada.

While I can't promise to string words together like Stompin' Tom, who placed 13th on the CBC's list of top-50 Canadians, or impress you with feats of athletic genius like Conn Smyth winner and Stanley Cup Champion Brad Richards or Canada's top female golfer Lori Kane, I think I have a great story to tell, nonetheless.

My story is about a province on the move with a small but dynamic population—a region of the country ripe with economic opportunity. My story is also about PEI as part of the national and global economy. When SARS struck Toronto we too felt the impact. Japanese visitors to the Land of Anne immediately stopped coming. And as your restaurants and theatres slowed down, our world-famous seafood and potatoes lost an important market. But, being a friend, as we were in the great snowstorm of 1992, we helped Toronto rally with free truckloads of seafood and potatoes to help bring people back downtown. And it worked.

Despite 9/11, mad cow, hurricanes, the Atkins diet and U.S. elections, I can tell you that Prince Edward Island's economy is on the move. We are building an economy that is sustainable. Sustainable economically, socially and environmentally.

And while I don't have time to tell you about all the things we are doing to protect our great pastoral landscape or to find the balance between social programs and financial management, I will tell you that:

- Prince Edward Island's economic growth last year did outpace the national average.
- The average level of employment continues to grow at a significant rate. Our 2.5-per-cent employment growth rate exceeds the national average and represents the third-highest rate among all provinces.
- Total labour income expanded by 3.7 per cent in 2003 as we continue to move from a seasonal to a year-round economy with better paying jobs.
- Housing starts hit a 20-year high last year and look very good for 2004.
- While there have been challenges within the primary industries, our agriculture and fisheries sectors continue to post increased cash receipts year over year.
- The value of provincial exports was estimated at $350 million in 1996, and that number has doubled to approximately $700 million annually.
- In a little over 10 years our unemployment rate has fallen from an average of 18–19 per cent to an average of 11–12 per cent.

These few statistics indicate that profound change is affecting virtually every aspect of life in Prince Edward Island.

Our population is growing and at an all-time high.

Significant change has occurred in the structure of our economy, particularly the shift in employment from resource-based sectors to employment in the knowledge and service sectors.

I spoke earlier about the importance of exports to our island economy. We have over 430 manufacturers and processors. Key contributors to their growth are the availability of qualified human resources and suitable infrastructure. And of course, the longest bridge in the world over winter ice conditions has helped immensely. Due to the bridge, tourism doubled and truck traffic was up one-third in the first year alone.

PEI's reputation as a clean, safe, low-cost place to live and work provides further incentives for manufacturers and processors to locate and expand.

Cultural industries like arts and heritage represent the fastest-growing sectors of our economy. Sam (the Record Man) Sniderman, a seasonal resident, reminded me to tell you about the world-class Confederation Centre of the Arts—a memorial to the Fathers of Confederation. And I am delighted that Dr. Thomas Symons, Professor Emeritas and noted Canadian scholar, along with George Kitching are here today. They too are on the Board of Confederation Centre and along with Board Chair Wayne Hambly have shown great leadership towards our national institution and in promoting a national vision of Canada.

Under their leadership, the Confederation Centre will host the Inaugural Lecture on the State of the Canadian Federation on November 8. Premier Jean Charest has agreed to provide this important lecture and we would be honoured if any of you could join us on this important occasion.

Our province's unique landscapes, museums and heritage buildings, and talented artists all contribute greatly to our rich cultural diversity.

The Prince Edward Island brand is well established among the world-class golf destinations and great islands.

The aerospace sector is a relatively new component of the island economy. Following the closure of CFB Summerside in the late '80s it is growing into a key player with more than 700 employees and $180 million in sales each year. This represents about 20 per cent of total provincial exports and the industry continues to grow.

Companies such as Honeywell, Testori Americas, Atlantic Turbines and MDS-PRAD are putting a new face on our business community and have formed the nucleus for further aerospace development. Barbara McDougall, when Employment Minister, helped us transform the former air base in Summerside into a very successful aerospace park. Barbara had help from people like Reg Stackhouse and Sinclair Stevens who are here today.

The Atlantic Technology Centre, located in Charlottetown, opened its doors in 2002 and is providing the growing IT community with leading-edge infrastructure. We have partnered with Bell Aliant, Hewlett Packard and Cisco to attract new investment to the province, while providing IT companies with increased access to export markets.

As a government we have identified life sciences, particularly biotechnology, as a priority for future economic development. We have been able to grow this industry to the point where it currently includes 32 island-based companies with annual sales of close to $100 million.

The ground-breaking establishment of the National Research Council Institute for Nutrisciences and Health at the University of Prince Edward Island is an exciting development and increases the potential for growth in this strategic sector. We are very proud of the development of our university under the presidency of Wade MacLauchlan and Chancellor Norman Webster. Our Atlantic Veterinary College and Food Technology Centre are paving the way for strong growth in the bio-resource field.

The picture I am painting is of a province rapidly transforming itself.

There exists an infectious mood of optimism in Prince Edward Island and we are poised to experience its greatest period of prosperity since the early 1800s.

And, we reform from within. We do not throw the baby out with the bathwater. For example, we have overhauled our auto insurance industry by working with that industry to provide wins for automobile owners, the companies and government and I am pleased to see insurance leaders like George Cooke, Stan Griffin and Fred Hyndman here today.

So, I welcome you—the firms that you represent and the industries that you are a part of—to come and share the emerging opportunities on Canada's east coast.

Of course, as Islanders we know that we are part of something bigger, something more complex, something very special and important.

What I speak of is Canada.

As a Canadian, who was born in Saskatchewan, raised in Alberta, spent four years in Ottawa, and has been a transplanted Islander for 33 years, I am proud of our vast land, our shared values, and the advantages and opportunities provided by Canadian citizenship. The Fathers of Confederation who met in my province in 1867 envisaged a society of freedom, tolerance and compassion and we have largely lived up to that expectation.

Canada's architects in 1867 understood that federalism was the only option for our nation-building. With its two principal orders of government, federalism allows diverse communities to be united in one country without suppressing their distinctiveness.

The intent of Canada's federal system not only gives room to regions or provinces to make decisions in their own areas, but also allows us to achieve objectives in other areas. Canada was intended to be both flexible and durable, adapting to our changing needs.

The Canada of today bears little resemblance to the Dominion created in 1867. Not in the territory it covers;

not in its people; not in its economy; not in its culture. Our political institutions and federal system have been preserved in some respects and transformed in others.

Has our federation been durable over time? Yes. Has it adapted to continually meet our needs as Canadians? That answer is debatable but on average we have adapted.

As Canadians, we want political institutions that are more responsive to our wishes. We want a streamlined system of government, which minimizes unnecessary overlap, and institutions which encourage integrity rather than confrontation. Canadians from every region want federal institutions that will hear and act on the aspirations of all parts of the country. That's why we formed the Council of the Federation in Charlottetown last year.

The Canadian federation has proven its ability to endure over time. To endure we must change the way governments manage their affairs and dollars so we may better reflect the realities of modern-day Canada.

One of the principal driving forces behind Confederation was the vision that for certain matters more could be accomplished together, than apart. That Canada could provide a better future for its citizens as one country.

And in that one country there could be respect for diversity embodied in strong provinces. The provinces that joined together to form that country formed a political union, but also an important economic union.

The country has changed a great deal since 1867. At the time of Confederation, the Atlantic area was not a "have-not" region. Immigration, shipbuilding and international trade drove our economy. But, wealth shifted. Opportunities once abundant in our region, for a variety of reasons, including building an east-west nation, and restrictions on north-south trade and the impact of oil and gas prices shifted wealth from the Atlantic.

As I said earlier, we are on the rebound, but our federation has experienced regional disparity and a fiscal imbalance. By that I mean that there are regions of this country, which are able to provide a better level of health care and other government services than others. The one factor, which governs this disparity, is wealth.

Since I became premier in 1996, the government of Prince Edward Island has increased spending on the health of Islanders by more than 66 per cent. Since 2000, those costs have escalated by 37 per cent (average of over 7 per cent per year). This is not unlike other provinces and territories and is due to new drugs, new technology, and human resources costs, which continue to grow.

By contrast, total federal transfers to Prince Edward Island actually decreased by 2.2 per cent over the past three years. In the face of all of this, premiers engaged with the Prime Minister to address this issue in a meaningful way.

In the early days of medicare, many health-care costs were shared equally, on a 50/50 basis, by the federal and provincial governments. Today, provinces cover in excess of 80 per cent of the total costs.

A sequence of transfer cuts by the federal government changed all of this, especially in 1995 when Ottawa cut the CHST by $6 billion.

We have closed that gap, to some extent, with the agreement last month by premiers and the Prime Minister to a new health accord.

As First Ministers we are still working on a meaningful strategy to ensure that Canadians, no matter where they reside, have similar access to service at similar rates of taxation. To do so, we need not reinvent the wheel. The mechanism to fix this inequity already exists.

The principle and purpose of the Equalization Program has been with us for almost 50 years and has been entrenched in the Constitution of Canada since 1982. This is a defining feature of the Canadian federation and, to me, reflects the very underpinnings of what it means to be a Canadian—equity, fairness—regardless of where you happen to live or what your economic station might be.

Section 36(2) of the Constitution Act of 1982 commits the Government of Canada to: "...the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation."

This fundamental requirement of the Canadian Constitution has not, in recent years, been adhered to. While reinvestments since 1999 by the federal government in the CHST and CHT have been made, I can show that these investments have been principally supported by a steady erosion of the equalization program. In many respects, we have failed Canadians and we have failed to live up to the basic tenets of what makes our country unique and socially prosperous.

Next week, First Ministers will again convene in Ottawa to negotiate a strengthening of the Equalization Program and the fundamental principle of equity and fairness. For eight of 10 of Canada's provinces, the Equalization Program is a vital component of providing the health care, which Canadians expect and deserve.

Our collective approach must be responsible and sustainable for the longer term.

Most provincial and territorial governments have faced serious fiscal challenges especially since cuts to federal transfers in 1995 and due to changes to the equalization formula in 1999, which dramatically reduced federal payments. Prince Edward Island is no different from others. We cannot afford to expand our health-care system; it already consumes over 40 per cent of most provincial budgets. Our federal government on the other hand has posted significant surpluses, which are forecast to grow further.

So, we have a responsibility not to squander opportunities to move our country forward, together. Next week's First Ministers' Conference on the fiscal imbalance is one such opportunity that we must realize.

All regions of Canada must ensure that they are equipped to deal with the economic challenges of the next century. This is a shared responsibility.

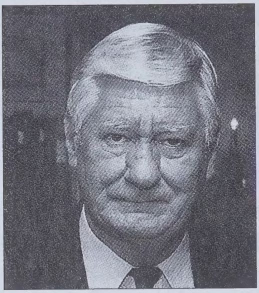
If we are to maintain our prosperity, ensure a high standard of living for our children, and continue our efforts to reduce the disparities that exist between the regions of Canada—one of the most important and enduring principles of Confederation—we must be prepared to work together in a manner of collectivity and understanding.

If, we do so, this land of diverse regions, a free and democratic society, a land which is respectful of differences, a strong economic union and a sharing community providing equality of opportunity and economic security for all its people will be well equipped for the future.

I ask you to support Canada's political leaders in reaching fair and equitable solutions.

Thank you and God bless.

The appreciation of the meeting was expressed by Duncan Jackman, Chairman and President, E-L Financial Corporation and Director, The Empire Club of Canada.



October 28, 2004

Dr. Ronald W. Taylor

Former Major League Baseball Pitcher and Physician to the Toronto Blue Jays

MY LIFE

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Doug Morris, Contract Sales, Inkan Limited and Director, The Empire Club of Canada; Molly Churchill, Grade 12 Student, North Toronto Collegiate Institute; Reverend Stephen Peake, Rector, St. Thomas Anglican Church, Shantybay; David Wilkes, Portfolio Manager, Research Capital Corporation; Dr. Michael Bertram, Professor Emeritus, Basic Neurology, University of Toronto; John Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada; The Hon. Mr. Justice Ronald Thomas, Superior Court of Justice of Ontario; and Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, today's lunch is not just about baseball. But I have to ask—did anyone here watch last night's Red Sox-Cardinals fourth game of the World Series?

Well, for those who are fans of baseball and its rich lore, let me announce this hot piece of news: the Babe has left the house and gone to bed. Only Elvis remains.

Now, back to the present. Today's lunch is really about one man's remarkable odyssey through life, and the lessons he learned.

Actually, he's so far had three lives, and for all we know he could be a rather large cat in superb disguise.

Ronald Taylor started off life in Leaside, and began playing organized baseball when he was eight years old.

Less than a decade later, with a strong arm, great control and a sizzling fastball, he was recruited by the Cleveland Indians.

But unlike most pro-ball players, Ron Taylor did something different; he played minor league ball but also completed a degree in electrical engineering at the University of Toronto—with first class honours.

Then he finally got really serious about baseball. In fact, he threw 11 shutout innings against the Boston Red Sox in his major league debut.

And exactly 40 years ago, our guest speaker, now an ace reliever, tossed four and two-thirds innings of no-hit ball for the St. Louis Cardinals against the mighty Yankees and the team took the World Series.

Five years later, he was on another World Series winning team—the New York Mets.

In all, this gifted pitcher from Leaside hurled an amazing eleven and a third innings of no-hit, shutout baseball in World Series games and earned a win and three saves.

Then, it was on to his third and most current life—to become a physician, graduating from the Faculty of Medicine at the University of Toronto at age 40.

And since 1979, Dr. Taylor has been a successful family physician with a strong involvement in sports injury management, as well as being physician to the Toronto Blue Jays.

He is the only man I have ever met whose memberships include the Association of Professional Engineers of Ontario, the Major League Baseball Players Association and the Ontario Medical Association.

So please join me in welcoming to the podium of the Empire Club of Canada the remarkable Dr. Ronald Taylor.

Ron Taylor

Thank you Bart.

I got a call from John Koopman several months ago and he said: "You're going to get an invitation to speak at the Empire Club."

And I said: "About what?"

And his comment was: "Just about your life. You've had a lot of experiences and different careers."

I said: "How long is this going to take?"

And he said: "Twenty minutes."

So I said: "We've got the first five minutes covered. Where will we go from there?"

I'm really happy to be here today and I just thought I would relate some things that have happened to me in my life.

When I was 16, I was playing amateur baseball in Leaside and I pitched at batting practice with the Toronto Maple Leafs international league team. I did that for one year. The following year I did it and a scout called Chester called up Cleveland to tell them about this kid in Toronto who could throw very hard. Well Cleveland didn't show much interest so he put me on a train with him and we went down to Cleveland. We got into Cleveland, checked into a hotel near the ballpark, got up the next morning and had a root-beer float for breakfast. We went down to the ballpark and Chester walked in with me and the Director of Player Development was there and he said: "I've got this kid from Toronto who throws very hard."

Well the director started to chew out Chester for bringing this kid in from Toronto without letting him know. I thought that this wasn't really going the way I thought it would. I sat there listening to it. It was a very open office.

The director then said: "Well I'll let the kid work out in our bullpen and he can go home tomorrow on the train."

So I got dressed up in a Cleveland uniform and started throwing on the side. I could throw very hard. I wasn't very smart but I could throw hard. The bullpen catcher called over the pitching coach and he watched me pitch that day. I went back out the next day and pitched and this day the manager of the Indians, Al Lopez, came over and caught me. He said: "Would you like to sign with Cleveland?"

I said: "I'm going to sign but I want the maximum that I can get." At that time if you got more than that you had to stay in the big leagues for two years.

So they signed me. I was only 17 so my parents had to give their consent for it. The next day I pitched at batting practice for Cleveland on Labour Day Monday and we went back after the game. They flew us back on Air Canada on a DC3. Chester was a sheet-metal worker for the Board of Education who out of his own pocket paid my way to Cleveland. I'll never forget what he did for me.

I went down to spring training the next year, 1956. There were 250 players there in Daytona Beach and my number was 247. I know "T" is low in the alphabet but not that low. There was a guy across from my locker who was with Indianapolis. I was with Daytona Beach Florida State league team. Number 9. He was very friendly and kind to me. That was Roger Maris, who was playing for Indianapolis at the time.

I won 17 games that year for Daytona Beach and pitched 247 innings at the age of 18. I then went back to the same minor league director in Cleveland and I said: "I have made a decision. I'm going to go back to school for five years."

He said: "You're what?"

I said: "I'm going back to school for five years. I want to finish grade 13 and do four years engineering."

He said: "Do you want to go to Case Institute? We can put you on a semester system there."

I said: "No, I want to get it over with. I want to get the five years over with. But I will play baseball for you in the summer time. I just won't go to spring training."

He said: "You will?"

I said: "Yes." I had him on the hook because I had won 17 games that year.

He said: "Okay. We'll go for that. That's fine."

So I went back to school and I finished grade 13 and went down and pitched in Fargo, North Dakota. I won 12 games there. And then I went into engineering and I went from Fargo, North Dakota to Minot, North Dakota to Reading, Pennsylvania to Mobile, Alabama to Salt Lake City, Utah. I then finished engineering and said to Cleveland: "I've got a lot of job offers here" which I really didn't have, "but I really like to play baseball."

The director said: "We want to have you back."

I said: "Well I want an invitation to the big league training camp."

He said: "Okay."

I went down to Tucson as an invited player and I was number 66 so I was moving up the ladder. I started spring training, pitched 23 scoreless innings and made the Indians. I went to the boss. It was the second game of the season. I started against the Red Sox, still under the Babe Ruth curse at that time, and pitched 11 scoreless innings against them. I gave up a grand slam home run in the twelfth and lost, but it was still a good day.

After the end of that season I was traded to the Cardinals. I was going to be their fourth starter and they put my locker next to Stan Musial's to kind of make me feel at home with the Cardinals. I was looking for all this fatherly advice from him and he said: "Kid, if you want to get your shoes shined put them in my locker. I'm a big tipper."

I said: "Thanks Stan, that's great."

I had a good year that year. We finished up second. The Dodgers beat us but I was second to rookie pitcher of the year that year in the National League. In the following year we won it.

Some people always ask you: "What happens when you are in a tight situation and the manager comes out. What does he say to you?"

I can recall one day in 1964 in San Francisco and Johnny Keane was our manager. He brought me in with the bases loaded and the hitter was Willie Mays.

I walked in and he said: “Now listen, the bases are loaded.”

I’m thinking: “I already know that John.”

He said: “The hitter is Willie Mays.”

I thought: “I had that figured out too, John.”

So he said: “Now be very careful now. Don’t give him anything to hit but don’t walk him.” This is the big leagues.

We went on and that year we went right down to the wire and won the National League at the end of the season. The last day we were playing against the Yankees. We got in the series, we were down two games to one, and a lot of people asked me what it was really like to go out and pitch in a World Series. We were in New York, we were down two games to one and the Yankees got three runs in the first inning. So now we were down three nothing, down two games to one. If we lost this game we were toast because we were playing in the Yankees stadium and had another game the next day.

Ken Boyer, our third baseman, hit a grand slam home run in the top of the sixth. I was warming up in the bullpen and all these Yankee fans were heckling me. The phone rang and I was told I was the pitcher on. So I walked out into the Yankee stadium. There were 70,000 people there at that time. It was the old stadium. When you walk in you just see all these people as you walk towards the mound. I walked by Kenny Boyer and he said: “Keep the ball down Ronny.”

I said: “Thanks Ken.” As you walk in you have all the auxiliary scoreboards there and then you walk out to the mound. You have eight pitches to get loose. Tim McCarver was the catcher. I threw it at Tim and all of sudden my whole focus changed. Just Timmy and me playing catch and then the umpire told me to play ball. The first hitter walked up. All I saw (I knew who it was and how I was going to pitch him) was Tim’s glove and there was no sound. It was just Tim and I playing catch. I threw it where

I wanted to throw it that day. It was one of the best days of my life because I pitched four innings with no hits and we won the game four to three and went on to win the World Series. That was really good.

Now I go to a period of my life where I was traded from the Cardinals to Houston because they wanted to get this left-handed pitcher. I get down to Houston and Paul Richards was general manager there. They had a press conference and they asked me what I thought about the trade. I said that it was a bad trade for both clubs. So that shortened my stay in Houston.

The following year I was traded to the Mets. I didn't want to play in Houston anyway. It is too hot down there. I go to spring training with the Mets and I walk in the clubhouse and the manager is Wes Westrum and Casey Stengel was there. Casey was now a Vice-President and would hold a break-camp meeting for the players. He said: "I want to tell you guys that you are the New York Metropolitans. You represent the biggest city in North America. We have got a great ball club here. We have got Tom Seaver. Tom Seaver is 22. In 10 years Tom Seaver will be an all-star pitcher perennially. Over here we have Nolan Ryan. Nolan Ryan is 21. He throws a ball at 100 miles an hour; he's going to be a hall-of-famer. Over here we have got Jerry Koosman. Jerry Koosman is 25. In 10 years he's going to be the best left-hander in the National League. And over here we've got Ron Taylor. We just got Ron Taylor in a trade from Houston. Ron Taylor is 27. In 10 years if he takes care of himself he will be 37."

Well we broke camp and headed north and got to New York and there was a rain-out so half the team held a victory party. We finished last that year.

The following year we got a great manager, Gil Hodges, and Gil identified everybody's responsibilities. We all knew what our job was and all of a sudden we really started to gel. The young pitchers like Seaver, Koosman and Ryan came along and this old guy Taylor was coming along a little bit too. So the following year we won the pennant. It was just amazing because we had the best pitching staff in the National League that year.

I can think of some stories with Gil Hodges. One particular day I came in the pitch and he called me up from the bullpen and there was a slight drizzle. So Gil came out and he was singing "raindrops keep falling on my head" and he said: "Listen now, we have got first base open, Aaron's up and I want you to put him on and pitch to Cepeda.

I said: "No. I want to pitch to Henry."

He said: "You what?"

I said: "I want to pitch to Henry. I'll get him out."

He said: "You'd better." I got him out and went back to the dugout and was sitting down and looking at Gil Hodges.

He comes up and said: "You're crazier than I thought you were."

Another time with Hodges was when I was pitching and got a line drive off my head. I was looking for the ball all around and I hear one roar go off and another roar goes up and then Hodges comes out laughing. I'm hit in the head and still looking for the ball and he said: "How do you feel?"

I used to always say to him: "I've never felt better."

This time I said: "If I felt any better it would be criminal."

So he said: "Well you just got a double play off your head. That's an assist play. Get the next guy out." He left me in. Now we'd rush the guy to the hospital.

Well it was a great year for us. In the playoffs we went down to Atlanta and beat them two games in a row and actually I was quite happy about it. I had a win and a save in those two games. We went back to New York and beat Atlanta and we played Baltimore in the World Series. We lost the first game, we won the second game, which I saved, and then we went back to New York and won three in a row to win the World championship. There was just bedlum. The whole stadium exploded. People came on the field. They were picking up pieces of turf. Somebody stole home plate and we had a ticker-tape parade the next day which was just surreal. There were millions of people in New York at this parade. They were tearing buttons off your suit and molding off the cars. It was great. It was a good time.

So all things have to end and my arm went bad. I was washed up so I thought I would exploit going back to medical school.

A very good friend of mine arranged for me to have an interview with the Associate Dean of Student Affairs. I walked in and said: "I'd like to sign up for medical school."

He said: "You would?"

I said: "Yes, I would."

He said: "Well you know we have several thousand applications for about 200 spots."

I said: "I didn't realize that."

He said: "How old are you?"

I said: "I'm 34."

He said: "What have you been doing?"

I said: "I'm been playing major league baseball."

He said: "What's that?" I knew I was in trouble right there.

He said: "While you're here let me look at your transcripts." I did very well in engineering. He looked at them and looked at me. "Are these yours?"

And I said: "Yes." He shook his head and said: "Well I'll tell you what. If you were 24 you'd be in. But you're not. You're 34. What I suggest to you is to go back and take an honours science course in biology, microbiology and organic chemistry and if you get the same grades we'll consider your application."

So I said: "What are the odds?"

He said: "Well it depends upon the personality of the admissions committee. I'd say about 50-50."

I said: "Those are pretty good odds. I'll take them."

So I went back and became a recluse. I changed my whole day around. I'd go to school from eight to five, sleep until 10, and get up and study from 10 to 7. I did that for a whole year. I went back and I got the grades and was admitted into medical school.

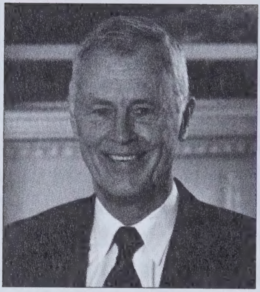
So I now show up at medical school. I walk in and the class thought I was a repairman. They were looking for my tool kit. I got through medical school okay, became an intern, went around in clinical groups and sometimes the professor would think I was a volunteer patient.

Finally I got through it and got my licence to practise medicine. I have been practising medicine now for 27 years and it is my fiftieth year in professional baseball so that means I'm getting old.

I think I'm very fortunate in that everything I've done in life, every career or job I've had, I have just loved. I still start every morning in my office at 6 o'clock. I just love working and I take pride in what I'm doing. I always ask my patients: "How's your job going?" A lot of times people who aren't having fun at their jobs have health problems. I think it is very important to have that.

To wrap it up, I feel very fortunate having been born in Canada. I was a descendant of Irish pioneers and Welsh immigrants. My mother was going to get on a boat to go to Australia and they missed the boat and came to Canada. So I'm glad I'm here. To finish I'd like to say: "God bless Ireland, God bless Welshmen, and God bless North America." Thank you.

The appreciation of the meeting was expressed by John Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada.



November 4, 2004

The Hon. John F. Hamm

Premier, Province of Nova Scotia

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

George L. Cooke, President and CEO, Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada; Michael Fine, Grade 12 Student, North Toronto Collegiate Institute; Reverend Vic Reigel, Pastoral Staff, Christ Church, Brampton; Erin O'Toole, Lawyer, Stikeman Elliott LLP; Libby Burnham, QC, DCL, Counsel, Morrison Brown Sosnovitch LLP; Dr. Gail Dinter-Gottlieb, President and Vice-Chancellor, Acadia University; William Whittaker, QC, Partner, Lette, Whittaker and 2nd Vice-President, The Empire Club of Canada; Dr. Frederic Jackman, OOnt, CStJ, LLD, President, Invicta Investments Incorp. and Past President, The Empire Club of Canada; and Helena Cain, Vice-President, Business Sales, Aliant Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the fourth of our very special Premiers Speakers Series that will run throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow; to articulate what they see as the major challenges and opportunities for our country in the next decade.

To support this important series, Ipsos-Reid, the national polling and research firm, graciously volunteered to check the pulse of the nation about the future for the Empire Club of Canada.

The results show a strong and clear trend.

The number-one concern 10 years from now out of the 14 areas of concern we had tested will be services for the elderly and their specific home and health-care needs. That's followed by such issues as family health care, waste disposal, energy and a clean environment.

And in the Atlantic provinces, the rank order of these greater issues a premier can expect to face a decade from now mirror the national snapshot.

To see and download the full study, please visit our Web site at www.empireclub.org.

Today, we have the pleasure of welcoming Nova Scotia's premier, the Honourable John Hamm. And in introducing you, Sir, I must note that last week we had a Canadian World Series star pitcher who changed careers in his mid-thirties to become a family doctor. And in your case, we have a family doctor who in his mid-fifties became a politician.

As you can see, we do have a very subtle underlying theme here at the Empire Club.

John Hamm, the young man from New Glasgow, earned his medical degree from Dalhousie University in 1963.

For the next three decades, Dr. Hamm was a dedicated small-town family doctor in his native Pictou County. Concurrently, he was elected president of just about anything medically related in his region and provincially, including terms as head of the Nova Scotia Medical Society and the College of Physicians and Surgeons.

So perhaps it's not too great a leap of faith to envision Dr. Hamm involved in yet another election process—to be elected in 1993 to the Nova Scotia Legislature.

Two years later, he was elected leader of the Progressive Conservative Party of Nova Scotia. And in the provincial election of the summer of 1999, the transformation was completed when Dr. Hamm became Premier Hamm and stood at the helm of a majority PC government.

A tireless deficit slayer, a physician who is passionate about a healthy Nova Scotia, a parent and grandparent who is committed to ever improving the province's educational system, his government was re-elected last year.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Premier of Nova Scotia, the Honourable John Hamm.

John Hamm

Good afternoon everyone. I'm delighted to be here today. This is the second time I have had the pleasure of addressing an Empire Club audience since becoming premier in 1999.

Let me begin by saying we live in a big, beautiful, bountiful country.

Not a news flash to anyone in this room. So why am I saying it?

Because sometimes, the sheer size of our country leads to myths and misunderstandings, which in turn lead to missed opportunities. And I don't want you—or anyone else for that matter—to miss out on the opportunity to experience Nova Scotia, to get to know us better and understand us better.

That, in a nutshell, is my objective here today. I want you to know more about Atlantic Canada in general and more about Nova Scotia in particular.

So what are the myths and misunderstandings too many Canadians still hold on to?

That Atlantic Canadians are all about coal, cod and Christmas trees.

That we happily go about our business of hauling water, hewing trees and ploughing the land.

Well, we do that—we do it well and we do it proudly—but we also do so much more.

Let me give you just a taste of some of the reasons why Nova Scotia's economy is becoming more diversified, why it's growing steadily and consistently breaking provincial job creation records, something that has surprised all of the economic pundits.

We have 13 college campuses, 11 universities and for over a decade have led the country as the province with the highest percentage of post-secondary graduates.

We have top-notch research facilities, such as the Bedford Institute of Oceanography.

We have leading commercial incubation centres such as InNOVAcorp, which are turning novel ideas into successful new industries, and a generous Research and Development fund that helps to turn business concepts into commercial success stories.

Our capital city has one of the world's deepest, year-round ice-free ports and it is one day closer to South East Asia (via the Suez Canal) than any other port on North America's east coast.

It's also the half-way point between the U.K. and California.

We are Atlantic Canada's leading tertiary care centre and home to one of only four brain repair centres in the world.

Our largest university—Dalhousie—was recently ranked the number-one university to do post-doctoral research outside the United States and fourth among U.S., Canadian and western European countries.

Nova Scotia's Western Valley Development Authority was ranked one of the world's top-seven intelligent communities.

We also lead the nation when it comes to broadband availability.

We have a vibrant film industry (it's only young but it's already the fourth-largest in the country) and a thriving music, arts and culture community, that is increasingly being recognized around the world for its unique and impressive style, whether it's Celtic, Acadian or rock music. Or whether it's classic, folk or modern art.

I could go on about all of the great things happening in my home province, but let me briefly switch gears and tell you why I believe, despite its small size, Nova Scotia continues to defy the odds and attract world-class businesses that normally go to centres with the critical mass we simply don't have.

Why we are the preferred home of companies like Ocean Nutrition, Michelin, Kimberly Clark, IMP Aerospace, Composites Atlantic, Tesma and Acadia Seaplants—to name a few.

Why we are attracting new companies like Xerox, Register.com, CGI, Keane, Convergys, MedMira, Exxon Mobil, Anadarko Petroleum Corp. and Hershey Foods to name a few.

It might be because we have the best-educated work force in the country.

It might be because we are so close to European markets and have the ability to ship goods faster to South East Asia than any other port on the eastern North American seaboard.

It might be both or it might be more.

So let me recite a few other reasons from a few other people who are impressed by what Nova Scotia has to offer.

CBS is currently shooting "Suzanne's Diary for Nicholas" in Nova Scotia. The producer, Jeff Freilich, recently wrote this: "Having produced many films in Toronto, Quebec and Vancouver, I'm delighted to have discovered Halifax—my new favourite Canadian location. The variety of looks (architectural and geographical), the skill and energy of the crew, the congeniality and helpfulness of the local residents all contribute to a wonderfully productive and creative experience."

Jim Brewer, a vice-president with Keane Inc. had this to say: "The business we are in is about people. We are able to find highly qualified professionals in Nova Scotia to meet our diverse technology needs. The geographic proximity and the cultural similarities between Canada and the U.S. mean we can offer high-quality, low-risk solutions to customers."

And the President of Ocean Nutrition Canada, a homegrown success story that has become one of the world's leading manufacturers of nutraceuticals said: "There are over 500 marine PhDs within about five kilometres of where we are sitting right now in Halifax. We were able to leverage the kind of existing knowledge base, the science base that was here, along with an incredible knowledge of the sea and the species that are in the sea."

A few testimonials from many more I could have recited; testimonials that could have covered a lot more ground.

But I think, at least I hope, I established that an educated and skilled work force along with location are critical to any business looking to set up shop or to relocate. And I hope I established that in this regard Nova Scotia has some definite advantages over the competition.

Of course, the other critical factor in selecting a location to set up shop is the business climate—more to the point the cost of doing business. Here again, when it comes to the best locations in Canada to establish a business, Nova Scotia takes the blue ribbon.

As it has for the fifth time in a row, KPMG recently crowned Canada as the lowest cost G-7 country in which to do business. KPMG examined 39 Canadian centres. Three of the top-seven—top-seven—are located in Nova Scotia, including Truro, Sydney and Pictou County. Pictou by the way claimed first place.

And in another KPMG study that compared 98 large centres in 11 countries Halifax ranked fourth—not just in terms of the cost of doing business but in terms of preferred places to live.

In other words, we are the best province in the best country in the world to set up a business.

But there's a slew of other reasons why more and more companies are sitting up and taking notice of Nova Scotia.

For example, along with our sister provinces in Atlantic Canada, Nova Scotians are happier on the job and work longer hours than anywhere else in the country. They know they don't have to shut their computers off at 4:30 in order to catch the Go-train by five so they can get home by seven to tuck their kids in by eight. So Atlantic Canadians stay on the job longer to finish their day's work.

Our employees are also very loyal, with turn-over rates well below those across the country and approximately half of what they are in the U.S., something that saves business both time and money.

Let me re-cap.

Nova Scotia has a highly competitive if not advantageous business climate.

We have the best-educated, happiest and most loyal work force.

We have a strategic location—closer to markets in the mid-U.S., South East Asia and Europe than anywhere else on the eastern North American seaboard.

And we are the preferred choice of a growing number of leading-edge companies in the life sciences, advanced manufacturing sector, the IT sector, and in the growing learning economy.

In fact, for a small province we have over 650 IT companies.

We have over 45,000 Nova Scotians working in the manufacturing sector and over 2,300 researchers working in the life sciences.

In a nutshell, I can make a great business case for anyone looking to locate in Nova Scotia, but there's an even more compelling reason why you and many others should be taking a long, hard and serious look at what Nova Scotia has to offer. And that is our quality of life.

Nova Scotians have long valued their spectacular surroundings. We have strong ties to the land and sea. We value our history and celebrate our culture and we have plenty of both.

In fact, just this week, Annapolis Royal, the home of the first European settlement in North America, was named the best small town in the world—not in Canada, not in North America, but the world in which to live.

The town of Lunenburg can feel equally proud for being selected one of UNESCO's world heritage sites.

Again, I could go on because Nova Scotia is peppered with communities that celebrate their tradition of earning a living by the sea, on land or underground, yet time and time again they have also shown that they are leaders in embracing innovation and championing creativity.

For example, we once had communities that relied on the sea solely for food.

Today, those same communities are going back to the sea, not for food to sustain them, but for new advancements in medical research such as innovative discoveries that are using shrimp shells to reduce post-surgical adhesions—a discovery of Nova Scotia-based Chitogenics.

They're going back to the sea to develop natural health products such as the highly popular Omega 3 vitamin—a discovery of Nova Scotia-based Ocean Nutrition.

And they're going back to the sea and turning fish oil byproducts into biofuels that are fueling our buses and heating our buildings and in the process reducing harmful emissions.

You should also know Nova Scotia is home to AC Dispensing Equipment. The chances are you have never heard of it. But chances are you've been to Tim Horton's, Wendy's, Krispy Kreme US, or Pizza Hut—four major food chains all using one of four product lines developed by Mike Duck, a U.S.-born immigrant to Nova Scotia.

Mike was frustrated he couldn't get a truly great cup of coffee so from the basement of his suburban Halifax home he developed the Sure Shot Dispensing System, which measures each dollop of cream or drop of milk you want in your coffee.

Today AC Dispensing Equipment is operating out of a brand new multi-million facility in Lower Sackville—just minutes away from the Halifax International Airport—and it's employing almost 100 people. So the next time you order a medium double-double from your local Tim Horton's think of Nova Scotia and the ingenuity of her people.

What I hope I have shared with you this afternoon is this: Nova Scotians are resourceful, innovative and generous. We appreciate a quieter pace of life—one that allows us time to get to know our neighbours and take an active part in our communities.

By the way, Nova Scotians donate more of their time to community volunteer efforts and more of their money to non-profit causes than anywhere else in the country. Something we take great pride in.

Again, I can make a great business case for anyone looking to start or re-locate a business but we're about a lot more than dollars and cents. We're about bringing up families in caring communities and being part of a community that cares about its environment, its culture and its history.

It's not easy to put everything I want to say into words; you have to be in Nova Scotia to feel it. But let me say this before I conclude.

As premier, I know that as smart, successful business men and women whatever I have said here today will be taken with a grain of salt and that before you look to Nova Scotia as a place to do business you will do your research.

I also know that many of you are still wary of Atlantic Canada. You think of us as the poor second cousin of the rest of Canada, that successful businesses in our region survive on federal handouts, that our provincial governments continue to operate in the red, and that we (government) can turn your world upside down in a flash.

Again—another myth.

As the Atlantic Provinces Economic Council recently stated, "Atlantic Canadians rely less on federal loan and business programs than anywhere else in the country."

As well—and here I will speak directly about Nova Scotia—with the help of many Nova Scotians, we have posted three balanced budgets with a fourth on its way. The Bank of Montreal recently said that Nova Scotia was one of only two Canadian provinces to post a surplus for '03–'04.

We've put a debt-management plan in place, begun to make installments and witnessed two credit rating upgrades over the past three months.

As a government, I want to assure you, we have no plans or any intention of straying off course.

Nova Scotians are relying more and more on each other for our own success and less and less on others. And that's a good thing.

And frankly, if we were allowed to keep our offshore revenues, revenues that we were promised as early as 1982 and promised again this past summer, we'd be all the more self-reliant. If that happens—actually when that happens—Nova Scotia will be in a much better position to contribute to a much stronger Canada sooner rather than later. Because I think we all know that in this big, beautiful, bountiful country of ours when one province succeeds, we all succeed.

My vision of Nova Scotia is a strong, self-sufficient province that gets off equalization and stands on its own two feet.

I want Nova Scotia to prosper in a strong Canada.

I want business to prosper in a strong Nova Scotia because, when business prospers, Nova Scotians prosper.

And I want you to know that while we are still very much about the land and sea, we are more and more about aerospace, nutraceuticals, advanced manufacturing and biotechnology and we are open for business.

I encourage you to contact Nova Scotia Business Inc. to find out how your business can grow and prosper in Nova Scotia. Through NSBI, we have established a volunteer Toronto Advisory Council of business leaders to keep Nova Scotia close to the action in one of North America's leading markets.

And in two weeks' time, I'll be back here with my fellow Atlantic Canadian premiers, to promote our region as the place to be in the 21st century.

In Nova Scotia and throughout Atlantic Canada, we're turning our ingenuity and intelligence, our resourcefulness and resilience into more than what meets the eye and in the process dispelling many myths and misunderstandings.

I hope you take the time to get to know us better.

Thank you.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada.

Toronto Star File Photo

November 16, 2004

Georgina Steinsky-Schwartz

President and CEO, Canadian Centre for Philanthropy and Coalition of National Voluntary Organizations

SHEDDING LIGHT ON A HIDDEN SECTOR

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Heather Ferguson, President, The Hearing Foundation of Canada and Director, The Empire Club of Canada; Christina Turner, Student, The Bishop Strachan School; Rabbi Perry Cohen, Facilitator, Teacher and Author; Jim Hilborn, President, Canadian Fundraiser/Key to the Sector; Bluma Appel, Entrepreneur; The Hon. Henry Jackman, OC, KStJ, OOnt, CD, LLD, Honorary Chairman, The Empire Life Insurance Company, Former Lieutenant-Governor of Ontario and Past President, The Empire Club of Canada; Lou Natale, Director of Sales, Nortel Networks and Director, The Empire Club of Canada; Jeannie Butler, President, St. George's Society of Toronto; Dr. Frederic Jackman, President, Invicta Investments Incorp. and Past President, The Empire Club of Canada; and Charles S. Coffey, Executive Vice-President, Government and Community Affairs, RBC Financial Group and Director, The Empire Club of Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, the old adage, "It is better to give than to receive," tends to evoke mixed emotions in most of us.

The fact is that receiving feels pretty good to most of us most of the time. If we don't make enough money to make us secure, how can we give money or time or attention to those who may need some or all of those things?

Giving is about a lot more than money. Giving is also about time, about actually caring, about values, about being a civil society that sees us reaching into our hearts and heads and finding causes of worth to embrace and support.

Individuals and organizations need to think about how we can and should support not-for-profits. We need to define how we can offer that support in the best and most sustained way possible. And we need to feel like we are helping make a difference because we truly want to, not because we think we have to.

So enter the Canadian Centre for Philanthropy and the Coalition of National Voluntary Organizations. Both established, both bringing value and great service. And this past year the two organizations have decided to merge into one grand new organization that will have a new name in the months ahead.

Meanwhile, they have selected a new President and Chief Executive Officer to lead the drive of Canadian companies and not-for-profits and governments toward a common ground and goal for amplified success. And that's why today we have Georgina Steinsky-Schwartz here to outline the case and the roadmap for the future.

Ms. Steinsky-Schwartz brings three decades of impressive public and private-sector experience to her newest challenge. From Deputy Minister in the federal government to senior positions at Bata Shoes here and abroad and at Manulife and then on to become a senior executive with Bell Canada, Ms. Steinsky-Schwartz has proven time and again that she can lead the way.

Today, she is here to outline her vision for philanthropy in Canada, and the organizations that so very much depend on the caring generosity of us all.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada, Georgina Steinsky-Schwartz.

Georgina Steinsky-Schwartz

Thank you for your kind introduction and for the opportunity to speak here today.

Just for a moment, try to imagine what your community would be like without its places of worship, sports clubs, hospitals and daycare centres. Consider what it would be like if there were no arts events, professional organizations, service clubs or minor hockey leagues.

Without these, Canada would be considerably less than what it is now. A less developed country. A less compassionate country. Without these, you would have to wonder if it was really Canada at all.

None of these activities could take place without our charitable and nonprofit organizations.

These organizations are the cornerstones of our communities. They are the places where we Canadians come together to express the things in which we believe. They are places where people feel they can "make a difference"—where we can express our fundamental Canadian values. They provide outlets for our creativity. They give us a very direct way to show compassion for others. They provide a forum for expressing and acting upon concerns about our society, the environment and our world at large.

In a period of increasing mistrust of many public and private institutions, Canadians continue to express confidence in the work of charities and nonprofit organizations. Indeed, recent surveys conducted by various research firms—IPSOS Reid, Environics and EKOS—consistently show that Canadians trust these institutions far more than they trust governments. A poll conducted earlier this year by IPSOS-Reid for Edmonton's Muttart Foundation found that leaders of charities are trusted by 80 per cent of Canadians, ranking behind only nurses and doctors—but well ahead of business leaders and government employees.

Yet, while we Canadians intuitively "feel good" about charities and nonprofit institutions, it is remarkable how little we understand about the structure and dynamics of this sector, its economic impact and its challenges. As someone who has come to the nonprofit world from the corporate sector, I was used to having information about the business context in which I was operating. I constantly heard the maxim "what gets measured gets done." In order to make good decisions, I needed to know about the structure of an industry, its size and scope, the key competitive trends, etc. Yet, when I moved to the nonprofit world I learned that we are only now beginning to gather this type of information.

So for today, I would like to do two things:

First, I would like to share some very interesting new information with you about the nonprofit and charitable sector in Canada. This information lets us, for the first time, begin to understand the sector more empirically.

Second, I would like to share with you my thoughts on what we as individuals working in business, government or the nonprofit world itself can do with this information.

Let us first shine a light on this often hidden "third sector" that operates in that societal space between the worlds of government and of business.

This fall, thanks to funding that came from a Government of Canada program called the Voluntary Sector Initiative, a consortium of nonprofit organizations led by the Canadian Centre for Philanthropy released the results of a landmark study that we conducted in partnership with Statistics Canada. The National Survey of Nonprofit and Voluntary Organizations allows us to see, for the first time, the size and scope of Canada's charitable and nonprofit sector.

A companion study by Statistics Canada looked at the charitable and nonprofit sector's economic impact.

Taken together, both studies are groundbreaking pieces of work that provide information about the work of charities and nonprofit organizations and point to issues that need to be addressed. Hitherto, we have lacked the most basic information that other sectors have taken for granted: the number of organizations, their size, their contributions, and the resources they need to fulfill their missions.

Let's start by looking at the sector's role in economic life. Statistics Canada can now measure the sector as part of the system of National Accounts—where StatsCan tracks the size of all of the distinct sectors of the economy.

When measured by gross domestic product (the value of the productive activity generated), including the value of volunteer time, we learned that charities and nonprofits represent 8.6 per cent of the Canadian economy. This is more than 11 times that of the motor vehicle manufacturing industry, over four times larger than agriculture, and over twice the value of the mining, oil and gas extraction industry. It is more than 50-per-cent larger than Canada's entire retail trade industry. This is a significant economic presence employing more than 13 per cent of the labour force. Even when hospitals, universities and colleges are excluded from that number, the sector represents 3.2 per cent of the economy.

The research tells us that, in absolute numbers, charities and nonprofits represent $112 billion in revenues and 161,000 organizations, of which approximately 80,000 are registered charities under the federal Income Tax Act. If you exclude the "big fish" from the total number of nonprofits—the hospitals, universities and colleges—the remaining organizations report annual revenues of $75 billion and they employ 9 per cent of the Canadian work force.

Most of these organizations do work that directly influences the communities in which we live. More than half of these organizations are rooted at the community level, reporting that they deliver services in their neighbourhood, town or city.

The research also lets us get beyond the stereotype that charities and nonprofits are involved mainly with providing food and shelter for the homeless or supporting disease research. The work these 161,000 organizations do touches virtually every aspect of Canadians' lives. For those of you in the audience today who may take your children to ballet, hockey practice or gymnastics this week, we know that the single-largest concentration of organizations—some 20 per cent of them—are in the sports and recreational fields. Following close behind are religious activities, social services, arts and culture, and housing. Imagine any part of our society where people come together to do things that make their communities better places to live and you will probably find charities or nonprofit organizations there. And this 161,000 represents only those organizations, which are federally or provincially registered; no reliable statistic exists about the multiplicity of informal citizen groupings. Some estimates put the number of these groups as high as 900,000 organizations.

This research has changed how we look at the operations of charities and nonprofits. Many Canadians traditionally think of these organizations as relying on a mix of paid staff and volunteers. The research found that more than half (54 per cent) of the 161,000 organizations are run totally by volunteers; they have no paid staff at all.

The scale of the contribution that Canadians make as volunteers and as donors also becomes clear when we quantify these two elements. Each year, Canadian men and women volunteer two billion hours of their time to these organizations. They fill 19 million volunteer positions; that's the equivalent of one million full-time jobs.

In terms of financial contributions, Canadians donated $6.5 billion to charity in 2003. They take out 139 million memberships in these organizations; that works out to an average of four memberships per person.

But although charitable and nonprofit organizations have a significant economic presence and command large numbers of volunteers and paid staff, they face daunting challenges. And these challenges are affecting their ability to fulfill their mission and serve their communities.

The top-five challenges identified in our research relate to their ability to plan ahead and in particular to recruit volunteers (either to do the work of the organization or serve on their board). They are also very concerned with how to get the funding they need in the form they need it.

The number of registered charities in Canada grows every year. This means more and more organizations are competing for government funding, corporate partnerships, foundation grants and individual donations every year.

Are these sources of funding expanding to meet the needs of charities and nonprofits?

Funding is an increasing concern. While the charitable sectors' need for funding grows and the absolute amount of donations has increased, we are seeing a persistent decline over the past few years in the number of taxfilers claiming donations relative to the total number of those who file income tax returns. This means that fewer people are giving more. Not a good trend.

We also have a clearer picture of where the money comes from. Governments currently provide 49 per cent of the funding that flows to charities and nonprofits, with the largest portion coming from provincial governments. Government only contributes 36 per cent when hospitals and universities and colleges are excluded. These are fees for services that the sector delivers. Provinces are funding the work the sector does on its behalf, particularly in the area of health care. And as health-care spending has taken up an increasing proportion of government spending there are indications that the amounts of funding for other purposes has been declining.

Most Canadians tend to think that individuals, corporations and government support charities equally.

Compared to the 49 per cent of nonprofit funding that comes from governments, organizations raise about 35 per cent of their revenues through sale of goods and services to other parties (43 per cent of money is from earned revenue if we take out hospitals, universities and colleges), while only 13 per cent of all revenue comes in the form of gifts and donations from individuals, corporations and other organizations (this is 17 per cent excluding hospitals, universities and colleges). Of this 13 per cent, just 3 per cent comes from corporate sponsorships, donations and grants (4 per cent excluding hospitals, universities and colleges). This compares with 8 per cent (11 per cent excluding hospitals, universities and colleges) that comes from donations made by individuals.

Many Canadian charities tell us that what they really need is stable long-term funding that will help them pay for their operating costs. Yet, increasingly, when funding from governments, corporations and foundations is available, it is too often earmarked for specific short-term projects. There is an unwillingness to fund long-term programs and take into account that projects require supervisory staff and some infrastructure to support them. Often this is motivated by a concern that the money not be "wasted" on administrative costs. Funders' motivation to encourage organizations to be more efficient is understandable and laudable. However, it is clear from what we hear from Canada's charities that this project focus has now gone to an extreme. My organization and the Canadian Council on Social Development—as well as others—have studied this issue in some depth and it is clear the focus on project funding is becoming dysfunctional. For those of you in the private sector, would you run your organization with no administrative backbone, no supervisory personnel? Would you tolerate high rates of personnel churn and process re-work? This is what project funding is doing to many organizations who have to "re-invent" themselves from project to project, often losing valuable expertise and experiencing organizational mission drift as they try to survive and continue to serve their clientele. It's time for a healthier dialogue about the real cost structure of these organizations, and a focus on the outcomes to be achieved, without micromanagement of how this is done.

Small and medium-sized organizations also face another threat. Large charities have the most resources and that means they have the infrastructure to become bigger. With greater scale and resources to make their case and fundraise, they are attracting disproportionate amounts of funder dollars.

Many of these large organizations are hospitals, universities and colleges. A smaller number work in the areas of social service, education and research, health and international affairs.

When we group charities by revenue, we see that those with over $10 million in revenue—the top 1 per cent—actually receive 60 per cent of all revenues flowing to the charitable sector. The large organizations also tend to receive substantial amounts of government funding. This means that smaller organizations are struggling to find the money to carry out their missions and are much more reliant on generating revenues through sales of goods and services and fundraising from individuals, businesses and foundations.

Finding sufficient funding is not the only challenge facing charities and nonprofit organizations. They are having substantial difficulty in finding staff and volunteers.

Many of these organizations say volunteers and paid staff are one of their greatest strengths. Yet, those who do have employees are finding it hard to recruit, reward and retain good employees. All report trouble attracting volunteers and board members.

Studies by the Canadian Centre for Philanthropy reveal troubling trends in the volunteer area. Since 1997, the number of volunteer hours contributed by Canadians has increased. But—as with declining numbers of donors—

the total number of individual volunteers has declined. This has happened because older Canadians are contributing an increasing share of those volunteer hours.

If these giving and volunteering trends continue, the future for all our charities and nonprofit organizations is worrisome.

When we look at the differences between big and small organizations, some of you who are in business may see analogies with the private sector. Smaller business enterprises also experience difficulties accessing capital or expertise, often due to lack of scale. However, in the past decades governments and the private sector have made significant efforts to address the concerns of small and medium-sized enterprises because they have recognized that the SME sector—as they call it—is an important source of economic growth and entrepreneurial innovation.

Now that we have identified a similar issue in the nonprofit sector, are there some lessons that can be applied to small and medium-sized charities and nonprofits? They are often an important source of social innovation and are clearly an important source of citizen engagement.

While there are thousands of examples of the innovative things that charities do each day, I would like to draw your attention to just one socially entrepreneurial group that is operating here in Toronto today.

The Somali Women and Children's Support Network began as a pretty traditional charity but has evolved into an innovative enterprise that is doing incredible work in the community.

The network was launched in 1992 to address the profound challenges being faced by immigrant Somali women in Toronto. Coming from war-ravaged Somalia, the women were thrust into a country and culture entirely foreign to them. Traumatized by the war, they were socially isolated and economically disadvantaged.

The community came together and formed the Somali Women and Children's Support Network. First the organization offered classes in English as a second language. Very soon, the program expanded to offer workshops on everything from parenting to computer training.

Within a few years, however, it became apparent that these workshops could not solve the main problem—the lack of employment opportunities for the Somali women. And so the organization decided to start a business, a profit-making venture within a nonprofit framework that re-invests its proceeds in community work.

Named Haween, after the Somali word for women, the new business began providing sewing services to the garment industry, using 10 donated sewing machines. The women not only learned to operate the machines, they looked after Haween's administration, inventory control, packaging and invoicing. Today, Haween operates out of a 3,000-square-foot warehouse in Etobicoke and employs as many as 80 Somali women, backed by a core of 40 volunteers.

Organizations such as Haween are a good example of the types of innovation that are happening across the charitable and nonprofit sector. And this innovation could not exist without the volunteers and funders who offer their skills and experience to make life better for others. In other words, to paraphrase the famous word of the Pogo cartoon: "We is the solution."

On that note, I want to turn our attention now to the second part of my speech—namely how we can all play a part in helping make our communities stronger and more vibrant.

First, many of you in this room are business leaders.

Increasingly, enlightened Canadian businesses are recognizing that their involvement in community is an important part of their bottom line. They are looking for ways to demonstrate that they are ethical and are committed to playing a positive role in society.

They realize that Canada's economic competitiveness and that of their own firm is linked to the strength and vibrancy of the communities in which they operate. Businesses are also realizing that good community relationships play an important role in their ability to attract and retain employees.

Many of the leaders in this room already know this. You are already actively engaged in building better communities and a concrete demonstration of this is that many of you support the Canadian Centre for Philanthropy's Imagine initiative. Since 1988, Imagine has worked with businesses to encourage them to commit 1 per cent of their net profits to charity as well as undertake other activities related to good corporate citizenship, such as promoting employee volunteerism and involvement in community initiatives.

With the support of many of the companies represented in this room, we launched a new Imagine commitment last week with a supplement circulated that ran in the Globe and Mail. And if you didn't see the supplement, we have copies available for you here today. This new commitment builds upon our earlier efforts and is even more flexible in recognizing the good that businesses can do in the community.

We've received strong support for this commitment so far—11 of Canada's top CEOs are on board and are publicly supporting it. However, there is a lot more we can do. If you are a business leader I urge you to get concrete about your commitment.

If you are an entrepreneur or venture capitalist, there are ways that you, too, can get involved. We have also been working with a group of enthusiastic venture capitalists here in Toronto to structure another program called Emagine that encourages entrepreneurs to pledge a percentage of future profits to community purposes.

If you need a concrete example of how companies can partner with charities to impact their communities, their employees and their bottom line, just look at the example of a unique partnership operating here in Toronto called Frameworks.

Frameworks is a small new charity that approaches corporations and asks them to purchase artwork that will appeal to young people. The companies then donate that artwork back to Frameworks.

Frameworks then holds what it calls a "time-raiser" auction. It invites young people under the age of 35, many of whom are employees of the donor corporations, to a reception where they can bid on the donated artwork with volunteer hours that they can dedicate to the charity of their choice. Once the volunteer has contributed the hours to the charity, the charity informs Frameworks, which then passes the art on to its new owner who has "bought" it by donating volunteer time. A charity "trade fair" is also part of the process, so that volunteers are presented with real options for which they can sign up.

The partnership meets a huge community need—encouraging younger volunteers, introducing small charities to them and also helping companies motivate their employees at the same time.

In addition to the business representatives in the audience, there are many here from government as well. For the foreseeable future, governments will be challenged by community needs, but for the most part won't be able to respond on the scale they once did. They will be looking to the nonprofit and charitable sector to fill the vacuum.

For those of you in government I urge you to use the new information from our research—and the innovation that is happening in the organizations themselves—to examine your policies and programs. In doing so, ask how your department, its regulations and its resources can better support the work that we all know has to be done. How can government encourage innovation, support our efforts and partner to build better communities? Shouldn't we be concerned about what is happening to our small and medium-sized charities in particular? Compare what you do for small businesses and see whether there are comparable ideas we can pursue.

In this space—where business, nonprofits and governments intersect—the organization I am leading is going to be getting even more involved. In January 2005, the Canadian Centre for Philanthropy will rebrand itself and become even more dedicated to researching and reporting on the nonprofit sector and the factors that are influencing it, promoting public policy that encourages contribution to community and strong nonprofit and charitable institutions, and advocating with individuals, governments and business to get involved.

To those of you in the room from charities and nonprofits themselves, we look forward to working with you to advance our common cause.

I want to direct my closing remarks to those of you in this room who haven't been engaged with nonprofits or charities to date. I hope the information I've shared has been sufficiently inspiring to make you reflect on your personal role and how you might get involved. The incredible diversity of charities and nonprofits means that there is no shortage of places where you can begin to make a difference. Are there issues that matter deeply to you and your family? Is there a cause or a community issue about which you feel passionately? Then find the organization that promotes that cause and get involved.

Think about the skills and experience you can offer and find volunteer work where you can contribute.

Volunteer work does not have to take a lot of time. Take on a small project, offer to write letters of support to your business contacts, act as an advisor or offer some pro-bono financial or management help. If you don't know where to start, there are many resources in Toronto that will have ideas: the Toronto Community Foundation, Volunteer Centres, the United Way, to mention only a few. If you are interested in serving on a board, go to www.Altruvest.org where you will see an innovative Internet matching tool where charities can post their needs and potential board members can express their interest.

If you are in a position to influence public debate, help us get the message to our political leaders about the challenges that charities and nonprofits face.

Remember——one person can make a world of difference.

Two weeks ago I witnessed how two businessmen with a passion for community used their personal expertise and relationships to organize a unique event that benefited dozens of different organizations. Altruvest, the group I just mentioned, is a charity that promotes good board governance for small and medium-sized charities. Two weeks ago Altruvest held Charity Expo—a trade fair for small charities. This was the brainchild of two business people with experience in marketing and promotion. They gave their time to bring together charities, their business funders, and other supporters in a trade fair environment where volunteers could meet organizations, organizations could meet each other, and innovation could begin to happen.

For those of you who are attaining what is euphemistically called "the best years" (and many of us are in that demographic), a career transition to a nonprofit organization may also be something to consider. A number of us—Paul Alofs at Princess Margaret Foundation and Michael Howlett, at the Canadian Diabetes Association—have made this change.

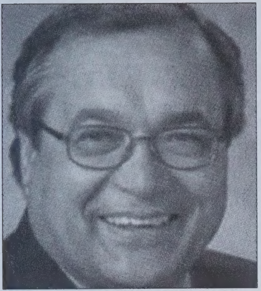
And whether you give money, ideas or time, in the end those of you who are already engaged know you get more back in satisfaction. You know that contributing to community is a way of working for that higher purpose for which every human being aspires. My personal inspiration as I have thought about these issues is an author named Victor Frankl, a Holocaust survivor who wrote a book called "Man's Search for Meaning."

In conclusion, I'd like to share some of Frankl's words with you as he reflected on what he saw in Auschwitz: "The experiences of camp life show that man does have a choice of action. We who lived in concentration camps can remember the men who walked through the huts, comforting others, giving away their last piece of bread. They may have been few in number, but they offer sufficient proof that everything can be taken from a man but one thing: the last of the human freedoms—to choose one's attitude in any given set of circumstances, to choose one's own way."

Whenever I read that passage I say to myself that we are fortunate that we don't live in the conditions that Frankl describes, but we too have a choice of action. I hope that by shining a light on the hidden nonprofit and charitable sector, I've played some role in inspiring you to choose your way through engagement in the sector.

Thank you.

The appreciation of the meeting was expressed by Heather Ferguson, President, The Hearing Foundation of Canada and Director, The Empire Club of Canada.



November 24, 2004

The Hon. Joseph Handley

Premier, Northwest Territories

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Lou Natale, Director of Sales, Nortel Networks and Director, The Empire Club of Canada; Laura Greenberg, Grade 12 Student, North Toronto Collegiate Institute; Reverend Dr. John S. Niles, Rector, St. Andrews United Church, Markham and 2nd Vice-President, The Empire Club of Canada; Brian Dominique, Partner, Cassels Brock and Deputy Chief Negotiator for the devolution of the Northwest Territories; Timothy Hearn, Chairman, President and CEO, Imperial Oil Limited; Paul Flaherty, President and CEO, Northwestel; Charles Coffey, Executive Vice-President, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada; Megan Harris, President, Harris Consulting; Robert Gannicott, Chairman and CEO, Aber Diamond Corporation; and Terry Mosey, Executive Vice-President, Bell Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the fifth premier in our very special Premiers Speakers Series that continues throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow, and to articulate what they see as the major challenges and opportunities for our country in the next decade.

To support this important series, Ipsos-Reid, the national polling and research firm, graciously volunteered to check the pulse of the nation about the future for the Empire Club of Canada.

The results show a strong and clear trend.

The number-one concern 10 years from now out of the 14 areas of concern we had tested will be services for the elderly and their specific home and health-care needs. That's followed by such issues as family health care, waste disposal, energy and a clean environment.

To see and download the full study, please visit our Web site at www.empireclub.org.

Today, we have the pleasure of welcoming the Honourable Joseph Handley, eighth premier of the Northwest Territories.

He was first elected as a member in the 14th Legislative Assembly in December 1999, after serving as a deputy minister with the Northwest Territories for more than 14 years.

He was a minister of several departments from early 2000 onwards, and started his term as premier in December 2003.

Born in 1943 in Meadowlake, Saskatchewan, Premier Handley moved to the Northwest Territories in 1985 to assume the position of Deputy Minister of Education. Subsequently, he also served as the deputy minister in a number of other departments of the territorial government.

Prior to moving north, Premier Handley was the official trustee and superintendent of the Frontier School Division in Manitoba for nine years, as well as an assistant professor at both the University of British Columbia and the University of Manitoba.

Along the way, he served for two years as a lecturer at two universities in Ghana, and was a teacher and vice-principal at schools in Saskatchewan.

And I must share with you the results of my inquiries about what appears to be a record-setting accomplishment by our speaker today. It seems that Premier Handley holds a national record for being the only person in Canada to be acclaimed an MLA and then to go on and become the only premier to win by acclimation. Back-to-back acclimations.

This educator-turned-bureaucrat-turned-premier made an interesting observation this past January. He noted that: "It is a simple fact that what separates the 'have' from the 'have-not' provinces and territories is the ability to generate [their] own revenues and pay [their] own way. We have the great good fortune of being a resource-rich part of Canada so we have the 'ability' to generate our own resources and become a net contributor to the nation. There is a strong correlation between the economic self-sufficiency that we seek and having the ability to determine our own future. Having one means gaining the other."

What makes Premier Handley's remark all the more relevant is the Prime Minister's comments this week in Sao Paulo that he can envision the territories becoming provinces at some future point. The real challenge may be to find the balance between a territorial agenda for self-sufficiency and a federal agenda for expressing ownership of the Arctic.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Premier of the Northwest Territories, the Honourable Joseph Handley.

Joseph Handley

Introduction

Thank you for inviting me to share the NWT perspective on "Canada—today and tomorrow." I am honoured to be the first territorial premier to speak to this series.

I certainly welcome the opportunity to explain the current situation in the Northwest Territories and to outline our priorities for the future. It is important to raise the awareness that, despite the great distances between our communities, what happens in the Northwest Territories has a direct bearing on life here in the South. Economic activity north of 60 impacts industry, the national economy and federal government revenues.

I think it's only fair to tell you as well, that my speech really is a snapshot for today because things seem to be changing so quickly. I go to bed in Yellowknife as premier of a territory. I wake up in the morning, read the newspaper, and it looks like I may soon be premier of a province! Of course, this is not likely to happen any time soon and certainly it is not an issue that we dwell upon. I have come to discuss with you the exciting reality that is the Northwest Territories today and where we want to be in the near future.

I want to thank the Empire Club, and particularly your president Bart Mindszenthy, for initiating this national dialogue on the challenges and opportunities facing our country at this pivotal time in our history. This provides a valuable opportunity for all of us to celebrate both the diversity of our great nation and the many ties that bind us.

I read with great interest the results of the Ipsos Reid poll conducted for the Empire Club asking Canadians to rate the most pressing problems provinces and territories face over the next 10 years. Those issues, with some exceptions, are the same as those facing the people of the Northwest Territories—care for the elderly, the sustainability of our health-care system and maintaining the fiscal viability of government programs and services. Like all other regions of the country, the public policy choices surrounding each of these issues are under vigorous debate in the Northwest Territories.

For all that we have in common, we also have some different challenges. Today I'd like to talk about some of those challenges, as well as our tremendous potential and why finding solutions matters—to you and to us.

While the focus of my talk is on the present and future, to understand where we are today I need to start by looking briefly at the past.

Where We Have Come From

The NWT's story is one of unfulfilled promises. For the last half century, successive governments have pledged to unleash our region's potential. As far back as 1953, Louis St. Laurent told Parliament "...the territories are vastly important to Canada and it is time that more attention was focused upon their possibilities and what they will mean to the Canadian nation."

Prime ministers from St. Laurent to Diefenbaker, Trudeau to Chretien, and now Martin have promoted everything from "the road to resources" to "the northern dream." Repeated promises have been made to bridge the gap between south and north to ensure all Canadians, particularly northern Aboriginal people, fully benefit from everything our great country has to offer.

While we have made real and important steps along the way, we have yet to accomplish one of the most important steps. That is to ensure northern governments gain control over the development of their resources and the revenues generated by them. Having access to those revenues would eventually mean the difference between being a "have" and a "have-not" region. The monies flowing from the sustainable development of resources would enable us to become self-sufficient—a net contributor to the public purse.

Where would Alberta be today without access to its own oil revenues and royalties? Could Saskatchewan have celebrated its recent move from "have-not" status without the revenues it receives from the booming business in the oil patch?

Unfortunately, we lack the necessary tools and fiscal levers to fully benefit from the development of our resources. In some ways, the issues we face parallel the issues faced by our friends in Newfoundland and Nova Scotia.

We have been trying for 20 years to negotiate an agreement that would transfer control over our natural resources to northern governments, but with no success. Decisions concerning the development of northern resources remain, to this day, with the Department of Indian Affairs and Northern Development.

Along with our partner, Aboriginal governments in the Northwest Territories, we are in negotiations once again with the federal government to transfer these responsibilities. I am optimistic that Prime Minister Martin sees the importance of reaching an agreement to transfer these responsibilities and revenues to the Northwest Territories and soon.

Let's Talk About Where We Are Today

This obstacle hasn't stopped us from moving ahead in many other areas as vital and active partners in the federation.

The sheer fact that I am invited here today speaks volumes about the great strides in the political development of the North over the past few decades. It was not long ago that all decisions about northern life were overseen by a commissioner appointed by Ottawa. Today, we have a fully responsible territorial government with jurisdictional responsibilities similar to provinces with the notable and important exception of control over our natural resources.

Along with political development at the territorial level, Aboriginal people in the Northwest Territories have made equally impressive progress in negotiating agreements providing a greater level of self-determination for Aboriginal communities and greater certainty for the territory.

In the Northwest Territories, the jurisdiction and responsibilities of Aboriginal and public governments are in a process of transition that will establish new relationships between our peoples and governments. The completion and implementation of Aboriginal rights negotiations are changing the nature and function of the territorial government itself and bringing certainty to the structure of government. This is a welcome evolution for the territory and all those who live or do business in our region.

Just yesterday, I appeared before the House of Commons Standing Committee on Aboriginal Affairs and Northern Development in support of the speedy passage of the Tlicho Land Claims and Self Government Settlement Act. With the passage of this bill, we will have four settled land claims and will establish the very first Aboriginal self-government in the Northwest Territories. This agreement is indicative of the type of governance system we wish to build in the NWT—a system bringing together Aboriginal and public governance in a way that ensures effective governance for all our residents.

What Does This Mean to Canada?

This political maturity and increasing certainty is encouraging the private sector to explore and develop our natural resources. Given the short time today, I want to focus my comments on the development of our diamond and gas resources.

The explosion of mining development since the discovery of diamonds in the NWT has attracted investors and workers from every corner of the country and all around the globe. It's common to see line-ups outside the federal government's mining office for months in advance of when prospecting permits are issued.

In just five years, NWT diamond mines have made Canada the world's third-largest supplier by value of rough, gem-quality diamonds. With the Ekati and Dievik mines already in operation, and the De Beers' Snap Lake project expected to begin production in 2006, the three mines will contribute an estimated $26 billion to Canada's Gross Domestic Product over their lifetimes. Of that, over $7.5 billion will go into the federal coffers. All told, almost 126,000 person-years of work will be created.

While the territorial government has yet to see a single cent of the resource royalties from these operations, Canada as a whole is reaping enormous benefits from our bullish economy. Mining activity, along with oil and gas exploration and the promise of a pipeline on the horizon, have generated exceptional economic growth.

All of this translates into growing opportunities for individuals and businesses in the rest of the country. The majority of new workers filling these jobs come from south of 60, as do the goods and services to support them. Everything from food to steel must be shipped from south to north.

And this is just the tip of the proverbial iceberg.

Where We Are Going

While the impact of diamond mining on the NWT economy has been amazing, the Mackenzie Valley Gas Pipeline project has the potential, if we do it right, to trigger a level of economic growth unprecedented in the history of the Northwest Territories.

With construction scheduled to begin as early as 2007, natural gas could begin flowing through the proposed Mackenzie Valley Pipeline in 2008. Based on the current estimated reserves of natural gas alone, NWT gas will supply southern markets until at least the year 2033.

The return in dollars and jobs over the next 30 years, under a price scenario of US$4 per thousand cubic feet, would see total project revenues of $53.2 billion. This will generate some $23.4 billion for governments. Under our current arrangements with Ottawa, our government would only realize $900 million or just four cents on every dollar collected.

Canadians in the North, South, East and West would all benefit from increased investment and job creation. The numbers are impressive: $7.7 billion in total labour income and 157,000 person-years of employment. Reinvestment of corporate profits in new exploration and development could generate an additional $16–$27 billion in GDP and between 243,000 and 406,000 additional person-years of employment.

The addition of this new supply of gas would help restrain gas price increases. Equally valuable, this supply of cleaner burning fuel could save Canada up to $2.1 billion in greenhouse gas emission costs.

All of this matters to Canadians but nowhere does it matter more than in the North.

What It Means to the NWT

This project provides extraordinary opportunities for NWT communities and residents to take control of their economic future. Investment in these gas projects and the associated long-term development of the Beaufort Mackenzie Delta reserves will be approximately $7.6 billion.

For our people, the pipeline represents employment, investment and business opportunities and it means self-reliance and the ability to provide a good standard of living and quality of life for their families. It means real hope and opportunity for all our people.

This project provides important opportunities for Aboriginal people in our territory, including equity participation in the project. The consortium developing this project has entered into a partnership with the Aboriginal Pipeline Group—a precedent-setting agreement that has Aboriginal people in on the ground floor, directly involved in project planning and implementation.

The Aboriginal Pipeline Group has secured the opportunity to take a minimum one-third equity interest in the proposed Mackenzie Valley Pipeline.

We believe this partnership will result in significant Aboriginal participation and economic benefits; benefits only dreamed about in past large-scale resource development projects in the Northwest Territories.

As northerners, we also recognize the importance of the natural environment and our collective responsibility for environmental stewardship for this project and other resource development projects in the Northwest Territories. That's why we have taken a pro-active approach to stewardship by creating and implementing initiatives to protect our natural heritage; initiatives such as the Protected Areas Strategy.

The Protected Areas Strategy is a community and land claimant-driven partnership to identify and establish protected areas in the Northwest Territories. It is innovative and community-driven, and most important, recognizes these decisions must, and will, be made and implemented by northerners—by the people who will be directly impacted by the decisions made.

Another important long-term benefit from this project is the opportunity it will provide to diversify our economy. The pipeline and resulting exploration will lead to new business prospects for northern companies, including manufacturing and value-added opportunities.

New infrastructure, such as the potential for a Mackenzie Valley Highway, will provide impetus to expand our bustling tourism industry.

We also view the Mackenzie Valley as a major energy corridor with not only oil and natural gas, but also hydroelectricity. The pipeline provides a unique opportunity to develop our hydro potential in a way that could lead to cheaper and cleaner energy sources for our communities, reducing our heavy reliance on fossil fuel generation. All of this will lower our cost of living while increasing our quality of life and creating a healthier environment that benefits all Canadians.

For all these reasons, we believe this project is in the long-term strategic interest of the territory and country. We also believe a fundamental issue that must be addressed in the short term is the negotiation of an agreement that ensures an equitable division of revenues between the federal government and northern governments, both public and Aboriginal. This is a critical missing link as we move closer to the development of a Mackenzie Valley Pipeline. It is a non-negotiable principle for our government.

It is a discussion the NWT and Aboriginal governments are having with the federal government. It is one we believe can and should be resolved, at least in an interim manner, before the pipeline proceeds.

It is for this reason I recently approached Prime Minister Martin about the need to negotiate an interim arrangement on revenue sharing that provides northern governments with an immediate benefit from these developments.

Conclusion

I am convinced that, if we do it right, the Northwest Territories has a prominent and vital role to play in the future of this country.

After decades of unfulfilled promises, it is time for all of us to work together to ensure the enormous potential of the Northwest Territories is fulfilled.

The latest Speech from the Throne pledged to develop a Northern Strategy to ensure this occurs. We have been working with the Prime Minister on this exciting initiative. Given his comments this week in Brazil, we are optimistic that this time Canada will deliver.

Thank you.

The appreciation of the meeting was expressed by Charles Coffey, Executive Vice-President, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

December 2, 2004

Roberta Jamieson

Chief, Six Nations of the Grand River Territory and
CEO, National Aboriginal Achievement Foundation

RELEASING POTENTIAL FOR ACHIEVEMENT: POLISHING CANADA'S BEACON TO THE WORLD

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Kamal Hassan, Director, The South-East Asia Group, Micro Venture Capitalist and Director, The Empire Club of Canada; Jinty Smith, Grade 12 Student, North Toronto Collegiate Institute; Reverend Andrew Wesley, Toronto Urban Native Ministry; Grant McLeod, a Metis from Winnipeg, a recent graduate from the Faculty of Law at the University of Toronto and currently articling and a recipient of scholarships from the National Aboriginal Achievement Foundation throughout his academic career; Dr. Caroline Makar, Chiropractor and Traditional Healer; Chief Sharon Stinson-Henry, Chief, Mnjikaning First Nation; Verity Craig, Principal, Carmichael Birrell & Co. and Director, The Empire Club of Canada; Suzanne Rochon-Burnett, proud Metis Broadcaster, Businesswoman and still Aboriginal Activist; and Charles Coffey, Executive Vice-President, Government Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, when my father was 10 years old—and this was just around 1915 in Hungary—he and his friends stripped naked, painted their faces in assorted colours, created traditional head coverings from feathers, built small axes and bows and arrows, and attacked a train. They actually blocked the tracks and attacked the train.

They were promptly arrested. But they lived out this fantasy that so many Europeans had and many still have—the romanticism of the native North American. My father wanted to replicate what he'd learned through the books he had read and stories he had heard.

Seventy years later, my father and I started hunting each fall with Barney Oldfield and some of his family and friends in the area of Perry Island in Georgian Bay. Barney was from the Ojibway nation, and we spent many hours with him and his family during each week of the hunting seasons.

My father learned firsthand that the romanticism of his youth may have been a fond memory, but certainly not reality.

We Canadians have learned so much since those distant years of my father's childhood era. We have learned many difficult lessons from many regretful experiences. And I hope we have learned to be more mindful and respectful of each other.

First Nations peoples call that "keeping a good mind." Respecting fellow human beings and the environment around us. Taking the high road.

Today, we welcome a woman who has always taken the high road, who looks toward the future and what is possible without getting mired down with what was or couldn't be.

Roberta Jamieson is Chief of the Six Nations of the Grand River Territory for only a few more days. She has been appointed Chief Executive Officer of the National Aboriginal Achievement Foundation, a position she has already assumed.

Chief Jamieson's own achievements, accomplishments and acknowledgements are a tribute to her passion, vision and resolve. If I were to list them all, and all her "firsts," I think we wouldn't have time to hear her remarks.

But of course, I must share just a few.

Chief Jamieson was the first Aboriginal woman in Canada to earn a law degree in 1976 and has since gone on to be awarded 12 honorary doctorates.

She was the first non-parliamentarian appointed to a House of Commons committee and the first Aboriginal commissioner of the Indian Commission of Ontario.

She was the first woman to be appointed Ombudsman for the Province of Ontario.

She was appointed a member of the Order of Canada in 1994, and in 1998 received a National Aboriginal Achievement Award, which is the Aboriginal community's highest honour.

She was founding chair of imagineNative, the annual international media arts festival.

She is the first woman chief to head the Six Nations of the Grand River, which also happens to be Canada's most populous reserve.

She is a wife, mother and grandmother.

She is amazing.

Chief Jamieson, Saygo.

Roberta Jamieson

Sehkon! Skeno! Bonjour! Good Afternoon!

Well it's coming up to wintertime, and Canadians are really familiar—perhaps all too familiar—with the winter phenomenon. Sometimes, despite all our careful driving, we get stuck. No matter how much the driver goes back and forth, no matter how much the wheels spin, we stay stuck—no movement in any direction. Canadians know when the moment has arrived when we all have to get out and push together. Sometimes it doesn't take very much; sometimes it takes just one more shoulder to nudge before our vehicle is able to move ahead.

Well that's where we are in regard to Canada's relationship with First Nations, Métis, and Inuit peoples. We're stuck.

You can see what happened in a very compressed view of history. Initially there was great collaboration and co-operation amongst our peoples. The Six Nations history, alone, is an integral part of the reason why Canada is Canada. Other Aboriginal people across Canada have made their own contributions to this country—economically, socially and scientifically. The fur trade was essentially an enterprise of indigenous peoples working with European organizations. Our hunting knowledge and skill supplied that enterprise and made it possible. Our skills and expertise on land and waters made the transportation system work. And our medicines restored all of our peoples to health.

And then, however, the partnership and alliance came to a bit of an end. We were pushed aside as unwanted elements in someone else's vision of what was then called a British Canada, free of First Nations, Métis and Inuit people. And that is the way it was for about a century.

Until, I would suggest to you, 1982. Remember that year? It was a very exciting year for me, for us, for Canada. That was the year that Canada decided to revive the old working relationship by recognizing and affirming the Aboriginal and treaty rights in Canada's patriated Constitution.

We were so hopeful, so happy! We felt, as we all do, on that first day of springtime when the warmth returns and the birds sing and the grass turns green and everybody is smiling. We feel optimistic, productive, ready to do things and go places. That's the way we felt in 1982.

Another event added to our confidence that we were in a new era. And it's been mentioned a bit already. The House of Commons set up a parliamentary task force on Indian self-government chaired by one Member of Parliament, Keith Penner. As a sign that a new relationship was surely coming, Parliament for the first time appointed one of our people—and it happened to be me—to sit and study this matter.

After a year of hearings, the task force made its recommendations in a document known still today as "the Penner Report." The report remarkably was accepted by all political parties. Can you believe it? All political parties. The government tabled a glowing response in the spring of 1984. At the same time, we were all in a series of constitutional meetings and nationally televised First Ministers' conferences. Prime ministers were involved from two different parties, as well as provincial and territorial leaders. I was in charge of the Assembly of First Nations legal team in those days.

A third wave of new warm winds of change and renewed hope after a long, long winter came with the Supreme Court of Canada decisions starting in 1984 with Guerin, Sparrow, Sioui reaffirming our place in Canada. The court in its decision knew what we knew in our hearts: that as contemporary people in Canada, we bring our identity and our rights into Canada's future as the First People.

In the last half of the 1980s however, the optimism faded to gloom. The First Ministers' conferences wound down with no agreement and dashed hope. The Penner Report was ignored as if it had never happened—a roadmap for a trip, which is yet to be taken. As rapidly as the Supreme Court reaffirmed our rights, government geared up to find new ways to deny us the very rights the Supreme Court was reaffirming, the very rights the Constitution had recognized.

Our initial optimism waned in those days; it was as if we had been fooled by the promise of a January thaw and we were back into the depths of unremitting winter. We realized we were still stuck, stuck in a huge snowbank of mushy outdated ideas rooted pretty firmly in colonialism. Everybody was thrashing about, everybody pushing on all sides in all directions at once, each with an idea about how to get "unstuck." Some wanted to do away with reserves, some said we needed special institutions of government, some wanted government to just get out of the way.

In the dismay and frustration which followed the realization that a decade of promise had turned into a decade of illusion, the chilling storm of Oka shocked and surprised Canada. "What is it that those people want anyway?" was the public reaction.

A Royal Commission on Aboriginal Peoples was mandated to answer that question and also to provide practical recommendations on how to move forward. Well, warm hopeful springtime winds were felt again. Our confidence was renewed as well when Nunavut was created in this country. In 1996, the royal commission reported with a very practical 20-year plan. The commissioners who had been involved in it were remarkable Canadians—a former judge of the Supreme Court of Canada, a judge from the Quebec Court of Appeals, a former provincial premier and a number of First Nations, Métis, and Inuit leaders. Several hundred recommendations were made on how Canada could get unstuck and re-establish a productive relationship with the First Peoples.

Well what happened next? Nothing.

A bureaucratically designed response called "Gathering Strength" virtually ignored the royal commission's report. Canadians had spent $60 million on that report. The then-Minister of Indian Affairs said that nothing more was to be done because the recommendations had already been implemented. Well we remained stuck and Canada remained stuck. The health conditions continued to deteriorate, the education gap widened, the shameful housing needs—as the current Prime Minister acknowledges—continued to worsen.

This is, as I said, the compressed view of history that brings us to today, a history of a promising relationship that somehow got stuck, and today persists as a forgotten challenge at the beginning of this new century and a new millennium. I believe we will remain stuck as long as First Nations, Métis, and Inuit peoples are seen as a "problem" rather than an opportunity.

The only place where we have moved forward is where our people have taken control from design to administration—and that only happens when we have the wherewithal to be free of other peoples, most notably government's control: I cite James Bay; I cite what's going on with Inuvialuit; I cite Nunavut. Where Aboriginal entrepreneurs have found the capital to start new businesses, for example, they are successful and are one of the most rapidly growing sectors in Canada today.

I am here today in at least two capacities. I am still the Chief for a couple more days of the Grand River Territory so I see these things through a different lens. I didn't seek re-election and later, in about two days, my successor will take over with his ambitious agenda. And I have taken on a new role, a very exciting one, as Chief Executive Officer of the National Aboriginal Achievement Foundation.

The foundation has an exciting mandate and that's why I took this on. And I'll share more about that in a bit. It is placed, poised and charged with helping First Nations, Métis and Inuit people in this country to realize our potential—as individuals and communities—and to convert our potential and aspirations into reality, into change, so that we can contribute, not only to the betterment of our own communities, but to the country as a whole. This help that the foundation gives is made possible by the unwavering support of our partners, our sponsors, corporate and public, and individuals, many of whom are represented here today.

In the role I've taken on, the key word is "achievement" because behind all our struggles for survival over the centuries in Canada to this day, First Nations, Inuit and Métis have sought to protect our rights and defend our interests. But also to move on. We have demonstrated throughout our history that our goal is simple: to have a better life for our children, our grandchildren and future generations. We have always sought to achieve and to contribute. We are seeking nothing less and nothing different today.

But you know what is holding us back. Let me talk about that because I don't think we know much about the history of our country and our people. Did you know that in the early part of the 20th century, any First Nations person who became a lawyer, minister, or graduated from university was subject to Involuntary Enfranchisement and had to sign away their identity as First Peoples? That is a powerful barrier. I'm not the first Aboriginal woman to get a law degree because I'm brilliant.

And our people have so much to contribute—so much talent, ability, creativity, intelligence and energy. And yet across Canada, one of the results of the long winter I have described is that much of that First Nations, Métis, and Inuit potential remains unrealized and unrecognized—and I would go further to say that in some places it is even rejected.

So many of our children, our youth, our women, our men and our elders lack opportunity, lack resources and lack an environment that nourishes their success or celebrates when they achieve it. So many of our people cannot contribute because they are on a permanent waiting list. In just our own Six Nations last year, to put a real face on it, 200 of our students who were accepted into university or college could not go because they didn't have the financial wherewithal to get there.

Our people across Canada have become the poorest of the poor and are dealing with the conditions that rank us amongst the least developed nations in the world on the UN Human Development index, while Canada is in the very top ranks. From my point of view, we're not going to be successful if we try to get unstuck by spinning the wheels in the same ruts that got us stuck in the first place.

We have to create space for our people to flourish as our people—as Inuit, as Métis, as First Nations. We have to recognize that this is going to take effort, just as it takes effort to get the stuck snowplow out of the snow bank, and it's going to take resources. But as the Royal Bank pointed out after the royal commission report was tabled, the "cost of doing nothing" will be much higher than the cost of doing the right thing at the right time, and that time is now; the clock is ticking.

If all of our children are to achieve, there have to be changes in the homes we live in, in the communities in which we are raised, in the schools we go to and the opportunities we have. And mostly I would say in the acceptance of our diversity and the special gifts we bring. I see working with others to create these changes just as important a role for the foundation as its role to raise funds for our students. It's a big challenge and one that at this time in my life I want to spend a lot of energy on. I see part of my work as channeling the vast goodwill that exists for the success in creating these changes.

I want to ask you today to join us. In short, I am asking you to recognize that we are stuck. And I'm asking you to help; it's time to get out and push. I want to explore with you the synergy and mutual benefit that can come from working together, each from our own position. I want to hone the foundation's ability to locate potential wherever it lies in our communities.

I believe in supporting youth; I also believe in supporting elders. I believe in supporting individuals; I also believe in supporting communities. I believe in supporting our scholars, our scientists—and we have them. But I also believe in supporting creative potential, healing, traditional knowledge and leadership. I want the foundation to increase our capacity to support at critical junctions. Is this something we could work on together?

The foundation has so much potential. Securing the future of our children, our Aboriginal children, must become a high priority in Canada—not something as an afterthought. I'm hopeful, but right now I think there are some realities we need to tackle.

At the present time, federal funding for our peoples is based simply on setting aside a piece of the big pie and then serving it. There is very little calculation of need in the mix—and many of us are just expected to make do on the size of the pie that is allocated. There is very little recognition that making space for our people to contribute will help make the pie bigger. I believe education is key.

I think this is something we can do together. I want the foundation to be among the leaders in ensuring that every one of our people can achieve and contribute. Indian Affairs tells us in this year's estimates, that the on-reserve population will increase by 53 per cent by the year 2021. That's an average of 15,000 additional children above the existing number. And how many classrooms are those children going to need? Five hundred. Are we planning for this growth, are we building these classrooms, are we ensuring the resources are available and the career paths and the opportunities? Are we seizing these opportunities? The Inuit population increases two-to-three times the Canadian average and the Métis increase appears to be even more.

We have not only a compelling opportunity, but I think a rather wonderful one to ensure that our children get the education and training they need. Let's remember after all, Canada's facing some pretty extreme shortages in human resources. Surely we can put this picture together. I believe our people can be an important part of the answer.

There is a job for all of us to do. Let me give you an example of the kind of project I've been working on recently. It's one idea. We call it 2020 Vision. I and the other co-chair, Roy Romanow, are dedicated to getting more Aboriginal physicians graduating in this country. If you look at Ontario alone, on an equitable basis, we should have about 374. We have maybe 12. We have maybe 150 nationally. We need to change that picture and it won't be changed easily, but it's doable. We did it for teachers; we did it for lawyers. When I graduated there were a handful of us, maybe 10 or 12. There are a thousand now.

Hard work, committed partners and some resources. We can do it and we're determined. It involves all of us—

from parents making sure their students go to school, to the private sector working with us as partners and government—to change this picture. It involves all of our people, on reserves as well as in urban centres. We know that when we design, develop and deliver on programs and ideas that come from our people, we succeed. But when they are made in Ottawa, no matter how well intentioned or well funded they are, they seem to fail.

So, time to get out and push, people!

This is not the first time the Empire Club has pondered these questions, I know. Prime Minister Paul Martin was here just eight months ago and he told you that Aboriginal people are the youngest and fastest-growing segment of Canadian society. The Prime Minister also spoke of "potential untapped, promise unfulfilled." He too said we must make it possible for our people to achieve. He promised Canada would work to remove obstacles so opportunity can flourish. Time to get out and push, people. Time to help the Prime Minister with the non-partisan political support he needs if he is to deliver the political support we need to make the plan succeed.

That's where you come in—you with your own unique potential to influence and form public opinion. We must insist that Canada takes that leap from what has been a past we don't want to revisit onto a practical path for the future. A constructive one, a healthy one, a positive one. I believe it is the Canadian people, the Canadian private sector, who hold the key to change.

I do not accept what some of the polls are saying about Canadian attitudes toward First Nation, Métis, and Inuit peoples. It has been my experience that many Canadians are just lacking in good information, awareness, understanding, exposure to our people, witnessing our champions and our successes. I see some of them here today. We have many more.

Too many of our people feel helpless when they hear yet another report from the Auditor General telling us that the gaps are widening and not closing. We feel paralyzed and we can't move. When Canadians are more aware, when they start to realize the contributions that our people have made historically to Canada, when they become aware of the contributions we make today and that we're poised to make in the future, we find great support and great energy.

One of the Original Instructions to the People of the Six Nations at the beginning of our time on this earth was that when we make decisions, we should think of more than just our own interests in making them. We were taught to go beyond even the interests of children and grandchildren. Our leaders were to ask, "What is it that we must do to provide a place for the seventh generation after us, whose faces are in the distance we can still see coming toward us?" It was a powerful standard against which we can measure the decisions and actions we are taking today. It is a heavy responsibility but one on which we, their ancestors, will be judged by that seventh generation.

It will be such a tragedy for both our people and the Canadian people if we do not work together for our seventh generations—yours and mine, all children of our Mother Earth, all brothers and sisters in the Creation. I believe that together we can make space for First Peoples to take their rightful place in Canada and Canada will be deemed rich because of it. Our people want to become rightful and rich contributors, as problem solvers, as economic players, as leaders, as healers and valuable partners. That is our responsibility.

It is time to get us unstuck, friends!

It is time to stop spinning the wheels, and time to get out and push.

With your help, I know we can get moving and back on the road again.

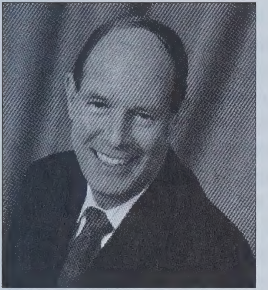
I invite you to join me and the National Aboriginal Achievement Foundation. Let's make some real change in releasing some of that vast reservoir of potential that lies with the First Peoples of Canada.

I believe the Achievement Foundation provides all of us with an opportunity to bring together the government, the private sector, Aboriginal and personal resources that we need so our nations and our people can realize their potential. Nothing less than Canada's future depends upon and will benefit from this success.

Thank you for listening to my words today. May you find yourselves in health, and we thank all of our elders, our children and our relations.

The appreciation of the meeting was expressed by Charles Coffey, Executive Vice-President, Government Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

Rev. Andrew Wesley, Toronto Urban Native Ministry and Chief Roberta Jamieson, Chief of the Six Nations, The Grand River Territory.



December 9, 2004

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

David Dodge

Governor, Bank of Canada

FINANCIAL SYSTEM EFFICIENCY: A CANADIAN IMPERATIVE

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Mary Susanne Lamont, President, M.S. Lamont and Associates and Director, The Canadian Club of Toronto; Fraser Cameron, Grade 12 Advanced Placement Student, Royal St. George's College; Reverend Canon Philip Hobson, Incumbent, St. Martin-in-the-Fields, Toronto; Tom Kierans, Chairman, Toronto International Leadership Centre for Financial Sector Supervision; J. Spencer Lanthier, Member of the Board of Directors, Bank of Canada; David Brown, Chair, Ontario Securities Commission; Fred Gorbet, CIT Chair in Financial Services, Schulich School of Business, York University and Director, The Empire Club of Canada; Chaviva Hosek, President, Canadian Institute for Advanced Research; The Hon. Michael Wilson, Chairman, UBS Canada and Former Minister of Finance, Government of Canada; Scott Jolliffe, Managing Partner, Gowling LaFleur Henderson LLP; and James Villeneuve, Senior Vice-President, Public Affairs, Labatt Breweries of Canada and Director, The Canadian Club of Toronto.

Introduction by Bart Mindszenthy

Ladies and gentlemen, in preparing for today's meeting, I did what we all tend now to do. I turned to the Internet. I went to the Bank of Canada site. And I was at first thrilled and relieved to know that I, too, might qualify as an economist, or a banker to the bankers.

Let me explain. The first thing that caught my eye on the Bank of Canada Web site was this phrase: the Bank of Canada aims to keep inflation at 2 per cent, the midpoint of a 1 to 3-per-cent target range.

Well, I said to myself, I actually knew that 2 per cent was about the midpoint between 1 and 3 per cent. So clearly I was a lot more attuned to weighty monetary and economic issues than I'd ever imagined.

But then I plunged on into a deep and wide expanse of papers and charts and graphs and some of our guest speaker's previous addresses and remarks.

And I can now assure you that I will never qualify as an economist, or as a banker to the bankers.

Today, as you can see, we have a truly full house and probably for a very good reason. Because all of you want to hear firsthand from Canada's source of thoughtful insight into where we may or may not be heading economically.

In fact, our guest speaker is the master of ceremonies of what is probably the most exciting guessing game of our times: the key policy interest rate announcements eight times a year.

As Governor of the Bank of Canada, he is guardian and steward of a legacy formally launched in 1935 as a privately owned institution with shares sold to the public. And in 1938, the government of the day nationalized the Bank of Canada and set it on the course the bank follows still today: to regulate credit and currency in the best interests of the economic life of the nation.

But in a more complex and interwoven world, the role of the Bank of Canada is much more complex and demanding than it was in the mid-1930s.

In reading a speech Mr. Dodge delivered earlier this year in Paris, I was taken by a few of his lines, and I would like to share them with you.

Said Mr. Dodge: "From a central bank perspective, globalization has made the conduct of monetary policy somewhat more challenging. In order to gauge the prospects for the domestic economy, it is more and more necessary for central bankers to take into account how their economy will be affected by events elsewhere. And of course, central bankers in very large economies must be cognizant of the effects that their actions may have on the global economy and, hence, on their own economy."

I was delighted by the fact I understood what Mr. Dodge was saying, and actually applauded his common-sense insight.

But that is what our guest speaker today is all about. Common sense and good judgment.

David Dodge earned an honours degree in economics from Queen's, and a PhD in economics from Princeton.

Following a distinguished career in academia, Mr. Dodge entered the federal public service and held a number of senior positions before his appointment as Deputy Minister of Finance in 1992.

In 1998, he was appointed Deputy Minister of Health, where he served until his appointment to the Bank of Canada in 2001 for a seven-year term.

Ladies and gentlemen, please join me in welcoming to address our joint meeting the Governor of the Bank of Canada, David Dodge.

David Dodge

Good afternoon. It is a privilege for me to address this joint meeting of the Empire and Canadian clubs, and I thank you for the opportunity to do so.

I am particularly pleased to speak to you today because this is a bit of a red-letter day on the Bank of Canada's calendar. Today, we released the latest edition of our semi-annual Financial System Review (FSR). This publication, which is only a couple of years old, examines issues that relate to Canada's financial system. Each edition of the FSR takes a look at recent developments and trends in the financial system, as well as issues that have an impact on its efficiency, safety, and soundness. This is because the overall role of the bank in the financial system area is to promote its safety, soundness, and efficiency. Today's edition contains a number of articles that focus on the promotion of financial system efficiency and stability. And it is the issue of financial system efficiency that I will talk about today.

I will begin with a brief discussion of how the Bank of Canada contributes to the efficiency of the financial system at the macroeconomic level. Then, I will spend most of my time discussing how we can improve efficiency in

Canadian financial institutions and markets; that is, the microeconomic aspects of efficiency.

But before I do that, I should start by defining what I mean by "financial system" and "efficiency." Then, I will explain why it is so critically important for Canada to improve in this area.

When I talk about the "financial system," I am referring to financial institutions and markets, the infrastructure, laws, and regulations that govern and support their operations, and the macroeconomic framework within which they operate. My message for you is that improving the efficiency of Canada's financial system is imperative.

But what is an efficient financial system? In economic terms, an efficient financial system is one that helps to allocate scarce economic resources to the most productive uses, in a cost-effective way. The ultimate goal is to have Canada's financial institutions and markets match investors and their savings with appropriate, productive investments. Put more directly, if Canadians want sustainable economic growth and prosperity, our financial system must function as efficiently as possible.

Let me explain why efficiency is so important. With an efficient system, investors can get the highest risk-adjusted returns on their investments and borrowers can minimize the costs of raising capital. Inefficiencies can drive a wedge between what borrowers pay and what investors receive. I'll give you some examples of how inefficiencies can interfere with the saving and investment process that is so crucial to economic growth. If adequate information isn't available, potential investors can't tell whether a particular investment fits with their tolerance for risk. If financing costs are too high because of inefficiencies, borrowers won't be able to secure the funds they need to expand. If competition isn't encouraged, the various players in the financial system won't have the right incentives to innovate. This is why it's so critical for the financial system to work efficiently.

Efficiency and the Bank of Canada

I would now like to spend a few minutes on the Bank of Canada's role in promoting an efficient financial system. In order to have such a system, we need above all a supportive framework of macroeconomic policies that minimize uncertainty and enhance confidence about the future value of money. This includes prudent fiscal policies, which are the responsibility of ministers of finance. It also includes effective monetary policy, which is the Bank of Canada's responsibility.

We achieve effective monetary policy through our system of inflation targeting. One of the key benefits of this regime is that inflation expectations have become well anchored on the 2-per-cent target, not just in the short term, but also in the long term. As a result, borrowers now pay a much smaller premium to compensate investors for inflation risk. This is particularly important at the long end of the yield curve. Reduced uncertainty has led to lower costs for borrowers and to a more efficient allocation of resources.

The promotion of a safe and sound financial system that reduces uncertainties and systemic risk can also contribute to efficiency. We work in partnership with federal and provincial agencies, regulators, and market participants in this area, in order to actively foster the safety and soundness of the financial system. We also have a number of unique responsibilities. It is our role, for example, to oversee those payment, clearing, and settlement systems that could pose systemic risk. These systems have been designed to provide certainty that large-value payments or securities transactions will settle in real time. In addition, they have been designed to operate using a relatively small amount of liquidity compared with systems in other countries. This frees up resources that can be put to more productive use elsewhere. The Bank of Canada is also the "lender of last resort"—the ultimate provider of liquidity to the financial system. Indeed, we've just concluded a review of that role, and the details can be found in the FSR that we released today.

There is also an international element to our efforts. The Bank of Canada works with partners in other countries on initiatives to strengthen the international financial system. The goal is to minimize the risk of a financial crisis in one part of the world spreading across borders. But that's a topic for a whole other speech.

So to summarize, Canada's macroeconomic and prudential policies generally do the job they are supposed to do in supporting efficiency. But let me be clear—we are not complacent; we are always looking for ways to improve. Continuous improvement is essential.

Efficiency in Financial Institutions and Markets

Now, I want to talk more specifically about the microeconomic aspects of efficiency in financial institutions and markets, including the promotion of competition and the provision of an appropriate legal and regulatory framework. Competition drives innovation and efficiency gains. And an appropriate legal and regulatory framework gives all investors fair access to necessary information, while minimizing the costs of raising capital.

The evidence shows that Canada's financial institutions and markets have generally been efficient when compared with those in other countries. But over the past decade, markets and financial institutions elsewhere have become—and are becoming—more efficient. To stay competitive in this environment, Canada's financial system must also constantly increase its efficiency. If we don't make this effort, the Canadian economy will suffer. The status quo won't cut it.

So what should our priorities be? I'll talk about financial institutions first and then about financial markets.

Efficiency and Financial Institutions

In terms of financial institutions, a quick look backward may show us the way forward. I want to go back 40 years, to 1964, and recall the Royal Commission on Banking and Finance, otherwise known as the Porter Commission. The Porter Commission was well ahead of its time, with groundbreaking analysis and policy recommendations. In the post-World War II environment, where extensive government controls on the economy were still thought desirable, Porter came out strongly in favour of greater competition, freer markets, and effective regulation that served to enhance efficiency.

In the wake of the Porter Commission, Canada revised its financial legislation in some crucial ways. Canadian banks responded to the new competitive environment by innovating and enhancing efficiency. Canadian institutions became world leaders, as financial institutions in many other countries were still operating under more restrictive and less-efficient regulatory regimes. Over the next three decades, Canada continued to lead the world. Successive revisions of legislation covering financial institutions encouraged greater cross-pillar competition in some areas, leading to lower costs and improved efficiency. But over the past decade, other countries have caught up and are forging ahead.

During this time, two trends changed the global environment for financial institutions. First, with the expansion of world trade, national markets became truly global. Financial institutions had to find ways to provide enhanced services to customers worldwide. Second, other countries—particularly the United States and the United Kingdom—began to align their regulatory frameworks with the competitive philosophy of the Porter Commission. The regulatory barriers that had held back competition, both geographically and among different types of institutions, began to fall rapidly.

Out of this more open and competitive environment came consolidation—not just among institutions but across pillars and jurisdictions. As a result, foreign institutions were better placed to exploit new technologies in order to enhance efficiency, and to offer new instruments and combinations of services to their clients. These two trends have led to great benefits for consumers worldwide, and they are continuing.

In these circumstances, Canada faces a difficult policy challenge. How can we enhance our policy framework to provide greater incentives for innovation by encouraging competition while, at the same time, giving our institutions the scope to improve efficiency? This is the challenge for Canadians in considering mergers, both within and across pillars, and the removal of barriers to foreign competition.

The questions about the best ways to enhance competition—to balance incentives for efficiency with other legitimate public policy concerns—are complex. And I don't have simple answers. But efficiency must be at the heart of the debate. Because, in the end, an efficient financial system is key for the future—not just of the institutions, but of the Canadian economy as a whole.

Financial Market Efficiency

Let me now turn to financial markets. When it comes to the competitiveness of global financial markets, size, depth, and liquidity do matter. So Canadian financial markets—whether equity, fixed-income, derivatives, or foreign exchange—have an inherent disadvantage compared with those in New York or London. To compensate, Canadian financial markets have to be relatively even more efficient.

So what can Canada do to improve the efficiency of its markets? One area that has received a lot of attention, not just in Canada but in many other countries, is securities regulation. The key issue is to reduce what economists call "information asymmetries" by as much as is practical. What that means is that our regulatory framework should aim—in general—at having market prices reflect all relevant information, and that all parties to a transaction should have fair access to that information. We can enhance efficiency by reducing information asymmetries up to the point where the cost of additional compliance would outweigh the benefits.

Following events such as Enron, Parmalat, and Livent, it became clear that investors were not always receiving sufficient and accurate information. Corporate scandals prompted many an investor to say: "There oughta be a law!"—a law to make publicly traded companies disclose all information. But in the rush to write laws and regulations, too much attention has been paid to detailed rules that govern how companies disclose information, rather than focusing on what they disclose. We have seen a large increase in the costs of providing information—particularly in the United States—without commensurate progress towards improving the relevance of the information being disclosed.

The concept of relevant disclosure is particularly important for a country like Canada, where public companies range in size from the very small to the large and multinational. The precise nature of what constitutes relevant information differs depending on the size and complexity of the firm. Corporate disclosure regulations should recognize this. For large, complex firms, more complex rules are required in order for investors to receive appropriate information. But for smaller firms, less-complex disclosure regulations—and lower costs of compliance—may result in the best cost-benefit balance. The Canadian Securities Administrators recognized this point in putting forward new proposals for guidelines for corporate governance that are based on a firm's size.

There is another consideration, and that is the need for some companies to have access to global capital markets. Firms that want to list on international exchanges will have to follow the disclosure rules that apply in those markets. And large Canadian firms that want to raise capital abroad need regulations here that are recognized as meeting international standards. But smaller, less-complex firms—which make up the vast majority of publicly listed companies in Canada—may not want to raise capital abroad. So it may not make sense for Canadian regulators to force these smaller firms to comply with the kinds of detailed rules that would be appropriate for large firms.

Let me be clear. The principles at the heart of Canada's regulatory framework must be as good as, or better than, those of any other country. But keep in mind that companies considered to be mid-sized in terms of capitalization in Canada would be regarded as micro-capitalized by international standards. Historically, Canada's public markets have done very well in funding these smaller companies efficiently. This should continue in the future. So it is clear to me that our regulatory framework should take into account differing levels of size and complexity when establishing rules for disclosure.

The rule requiring CEOs to sign-off on their financial statements is a case in point. The principle behind the rule is to try to make sure that investors have sufficient and accurate information. Holding the CEO accountable is a good way to go about this. The principle can work equally well for large and small firms. But we need to be careful. For very large and complex organizations, setting out some detailed rules in terms of procedures may be helpful. However, we do not need a whole raft of complex rules that tell the CEOs of smaller firms what procedures they must follow before they can put their signatures on their financial statements. We need to be careful not to write rules that govern only the inputs that come before the CEO sign-off. Rather, we need to focus on getting the output right, so that the document that the CEO signs actually gives investors sufficient and accurate information.

Efficiency dictates that Canada should have uniform securities laws and regulations, based on principles that apply to everyone. Some have taken this idea further and advocated for a single, pan-Canadian securities regulator. I'm not here today to weigh in on that debate. But I do want to stress that, whatever the structure of the regulator, we must strive for efficiency in regulation—the best regulation, at the lowest cost.

Now let me talk briefly about another important information issue, and that is the issue of price transparency in markets. Here, I am referring to timely, public disclosure of transaction details, such as price and volume. It is not difficult to see how this information leads to better resource allocation.

The appropriate level of transparency may vary from market to market. Generally, the more liquid the market, the higher the level of transparency it can support. However, the world is moving to greater transparency in all markets through the spread of technology. The Bank of Canada is conducting research and working with market participants and regulators on ways to increase transparency in Canadian markets, with due regard for liquidity, equitable access, and fair play. Together with price transparency, these are the ingredients that help to create efficient, well-functioning markets.

It is important that we get transparency and regulation right. But we also need to devote the appropriate time and effort to making the most of whatever rules we write, including existing ones. This means focusing on a range of smaller initiatives that can enhance efficiency. For example, provincial and territorial legislatures need to make the Uniform Securities Transfer Act a priority. Such an act would provide a sounder legal basis for the holding and transfer of rights in securities that are held in book-entry form, and would replace the current patchwork of legal rules in this area. Another initiative is the Canadian Capital Markets Association's focus on trade-matching to support progress towards straight-through processing.

There's one more area where it is absolutely critical for Canada to continue to improve, and that is enforcement. There is a widely held perception that Canadian authorities aren't tough enough in punishing fraud and enforcing insider-trading and other rules. That's why it is encouraging to see that steps to toughen enforcement are being taken, by provincial securities commissions, by the Investment Dealers Association, by law-enforcement agencies, and by the federal government. These kinds of steps to improve enforcement must continue.

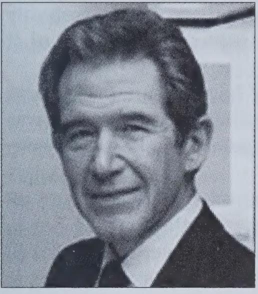
Conclusion

Let me conclude. To improve the economic and financial welfare of Canadians, we need an efficient financial system. The Bank of Canada has been contributing to this goal by enhancing Canadians' confidence about the value of their money and by reducing risks to the safety and stability of the financial system. Our Financial System Review is part of this effort.

But the effort must extend far beyond the central bank. I've raised some issues today that I think are critical to enhancing the efficiency of our financial system.

None of these issues are new. They have been studied and analyzed thoroughly. But while Canada has been studying and analyzing, the rest of the world has been acting. It's time for us to act, too. We have to get on with the job of improving efficiency. The future health of our economy and the prosperity of Canadians depend on it.

The appreciation of the meeting was expressed by James Villeneuve, Senior Vice-President, Public Affairs, Labatt Breweries of Canada and Director, The Canadian Club of Toronto.



December 10, 2004

The Rt. Hon. The Lord Browne of Madingley

Chief Executive, BP plc

THE OUTLOOK FOR THE WORLD OIL MARKET

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Ann Curran, Director, Corporate Relations, AIC Limited and Past President, The Empire Club of Canada; Husayn Dharshi, Grade 12 Student, Marc Garneau Collegiate Institute; Robin Korthals, Chairman, Ontario Teachers' Pension Plan Board; William Thorsell, Director and CEO, Royal Ontario Museum; Shawn Cooper, Managing Partner, Russell Reynolds Associates; Richard Waugh, President and CEO, Scotiabank; His Excellency David Reddaway, British High Commissioner to Canada; Tony van Straubenzee, President, Rockhaven Consulting and Past President, The Empire Club of Canada; Father Marc-Andre Campbell, St. John Vianney Parish, Barrie; Donald K. Johnson, Retired Vice-Chairman, BMO Nesbitt Burns; Michael Norris, Deputy Chairman, RBC Capital Markets; and Jim Estey, President and CEO, UBS Securities Canada Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, I learned about three things last night in preparing for today's luncheon and Lord Browne.

First, I learned a whole lot about the history of oil. Probably more than I ever wanted to know, but nevertheless, all of it interesting.

I learned how the oil industry actually began some 5,000 years ago in the Middle East, where oil seeping through the ground was used to waterproof boats and baskets, in paints, lighting, and even for medication.

I learned about how Marco Polo observed the collection of oil from seeps in the city of Baku on the shores of the Caspian Sea in 1264. About how oil wells up to 35 metres deep were hand-dug in Baku by 1594. And about how seep oil was used in street lamps in the Polish town of Krosno by the 1500s.

I learned how oil sands were mined in Alsace, France by 1735, and how the first modern oil well was drilled near Baku in 1848.

I learned a Canadian geologist in 1849 discovered how to derive kerosene from oil, and how that discovery, in fact, saved the whales, whose oil was until then in such stunning demand.

And how the first oil well in North America was drilled right here in Ontario in 1858.

I learned how relatively stable the world oil market was for some time, and how new technology allowed the industry to become much more effective, and reach much farther—into the North Sea and up to Alaska.

The second thing I learned is that BP is one very big organization. It spans the globe, operating in more than 70 countries with more than 100,000 employees. BP spends more on salaries and R&D and goods and services than what many nations can register as their GDPs.

BP today is one of Britain's largest companies, and one of the world's largest oil and petrochemical groups.

It also has a senior management team that is driven by strong values and a commitment to sound corporate governance and social responsibility.

So here is an organization that is just one year older than the Empire Club, but definitely larger.

The third thing I learned is that our speaker today is a man with simply awesome credentials on all fronts.

A Cambridge graduate in physics, he went on to earn an MS in business at Stanford. Lord Browne joined BP in 1966 as a university apprentice and obviously passed muster.

Since the mid-1980s, he has assumed successively more senior positions.

In 1991, Lord Browne joined the Board of BP as a managing director, and was appointed group chief executive in 1995.

After the merger of BP and Amoco, he was named group chief executive of BP Amoco in 1998.

Knighted in the 1998 Queen's birthday honours, he was made a life peer in 2001. And Lord Browne has earned a long list of distinctive awards and recognitions, while also serving on a number of corporate, cultural and charitable boards in England and the United States.

Ladies and gentlemen, please join me in welcoming to the podium of the Empire Club of Canada, the Rt. Hon. The Lord Browne of Maddingley.

Lord Browne

President Mindszenthy, ladies and gentlemen, it is a great pleasure to be back in Canada, which is a country that is very important to us in BP and to the whole of the world energy market. We very much appreciate the links that we have here. We already invest some C$8 billion here, and I hope we soon will be able to invest a little more.

You asked me to talk about the outlook for the world oil market. I think it is appropriate to start with the immediate events which are shaping people's thinking about the market, and raising new concerns about the question of energy security. The price of Brent on the international market has fluctuated over the last 12 months from around $25/barrel a year ago to over $45 for a period in the autumn to just below $40 today.

To understand the reasons for those shifts, you have to look back at the events of the last five years. What's changed and what are the consequences of those changes?

Back at the end of the 1990s, we all were accustomed to an oil price, which averaged a reasonably stable $18/barrel, with only very occasional excursions into the low $20s, and one brief fall at the end of the 1990s to $10. That was the picture for a decade, from the end of the first Gulf War onwards.

Throughout the 1990s, technological advances had opened the range of what was possible. Advances in seismic technology reduced the risks and costs of exploration. Advances in deep water technology opened up new areas for exploration and development. Advances in reservoir management technology pushed up recovery factors.

And political change also had opened new doors. International companies were able to invest in areas previously closed to them—including Russia, Central Asia, the Caspian, and China.

So there had been a series of developments, which had created a situation in which costs were falling, and in which prices were moderate and seemed liable to decline rather than increase.

The factor which changed the outcome was the decision in April 2000 by the OPEC member-states to use their market power to set a price framework for oil at around $25/barrel—varying up or down from that level by no more than $3/barrel. That was a major step, and OPEC's successful management of their production set prices at those levels throughout the period, from 2000 to the end of 2003.

The next fundamental change came on the demand side. The growth in demand for oil in 2003 and 2004 has been so strong that for the first time in 30 years, the rate of oil demand growth worldwide almost matches the growth of GDP. That is the context in which the rise in prices we've seen over the last 12 months has developed.

That rise is driven by demand, particularly the dramatic growth in demand in China, which has increased its imports of oil by 400 per cent in just four years, and is reinforced by concern about supply security.

For most of the last two decades, the market has operated with around three million barrels per day of spare capacity. This year, that spare capacity has fallen to around one million barrels per day—an amount less than is produced in a number of areas where continuity of supply has been threatened by disruptions—including Iraq, Nigeria and Venezuela. There has been no shortage, but there has been a fear that a shortage would develop.

Fortunately, the market operates in a very effective way. Partly in response to this increased price, and in response to the confidence inspired by OPEC's effective management of the market, the private sector part of the industry began to increase its spending on exploration and production. The top-30 quoted companies have increased their investment in exploration and production by more than 15 per cent a year during the last five years. They now invest almost $100 billion a year between them.

That already is producing increased supplies. A whole series of major new fields are coming on stream over the next three years—in the Caspian, in Angola, and in the deep water of the Gulf of Mexico.

Those new developments should help to restore stability to the market. So will the growth in OPEC capacity. If, as can be reasonably expected, the growth in demand resumes its normal growth path of around 1.5 per cent per annum, surplus capacity should build over the next three years back to a more comfortable level of around three million barrels per day. In the absence of any further major disruption, prices might then revert to a level set by the decisions of the OPEC member-states on production.

Given the revenue needs of many of those states, which have large, youthful populations and which have not yet succeeded in diversifying their economic development away from oil, it seems realistic to expect that with the insecurity premium removed, prices might stand at around $30/barrel.

That is a reasonable level which will reward investment by the private sector and generate sufficient revenue for the producing states, but which will not do major damage to the global economy or to those who depend on oil imports.

Such an outcome, however, is not the end of the story. None of the developments I've described should be taken to mean that the issue of energy security has been resolved.

There are two substantive issues, each of which poses challenges for energy security over the medium and longer term.

The first is about supply and demand.

The demand for energy continues to grow, with the growth underpinned by the increase in population numbers and by the gradual spread of prosperity.

The world's population grows by almost 10,000 an hour—almost a quarter of a million every day. In 10 years' time the world will have an additional one billion citizens—making 7.3 billion in total. All those people need food, housing and all the other basic products and services which require energy.

More and more of the world's population can afford the energy they want to buy. The spread of prosperity, especially in China, India, and parts of Latin America, adds to effective demand on a daily basis. The result is that there are tens of millions of new consumers of commercial energy every year.

The current projection from the International Energy Agency is that global demand for all forms of commercial energy will rise from the current level of around 190 millions of barrels per day of oil equivalent to some 240 millions of barrels per day of oil equivalent by 2015. A rise of almost 30 per cent.

That forecast is made on quite cautious assumptions about economic growth rates. The numbers could turn out to be significantly higher.

How can that demand be met? Some place their faith in renewable and alternative forms of energy supply. Power from the wind and the waves. Power from solar panels. We believe those are important sources of future supply. We in BP are investing in research and development work in photovoltaics—the technology which supports solar power—and in various other forms of alternative energy supply.

One day, one or more of those new sources will provide a significant proportion of global energy demand. But the evidence is that day is still a long time off. Today, all the renewable and alternative forms of energy supply provide just 2.5 per cent of world demand, the bulk of which currently comes from biomass.

Research continues in many other countries around the world. But in every case, we still are at the stage of research and experimentation. We believe renewables will provide material supplies of energy in the long term. But the long term could be 20 or 30 or more years away. The estimate from the International Energy Agency is that in 2015 they will provide only 3.3 per cent of total demand.

What sources then will meet the demand?

Some people believe that the key lies in the potential of nuclear power. That certainly is possible. But it seems a remote possibility on the timescale of a decade. Nuclear currently supplies 7 per cent of world energy demand. The first generation of nuclear stations are reaching the end of their natural lives. Last year, only two new nuclear stations were commissioned and public doubts both about safety and about the uncertain long-term costs continue to constrain new investment. In the U.S., no new stations have been commissioned for over two decades, while in Europe the forecasts suggest that on current trends nuclear capacity will decline rather than increase over the next 10 years.

And that leaves hydrocarbons—coal, oil and gas—to meet the balance.

The mix will vary from one country to another. China, for instance, will no doubt continue to use large volumes of coal, but in terms of convenience, oil and gas seem set to remain the fuels of choice.

In reality, energy security is about the supply of oil and gas to meet demand which could grow, again taking the IEA figures, to around 93 millions of barrels per day of oil and 64 millions of barrels per day of natural gas by 2015. That would represent a 20-per-cent increase in oil demand from today's level and a 45-per-cent increase in the consumption of gas.

Can the oil and gas industry meet that demand? In physical terms the answer is clearly yes. The resources are there. The world holds some 1,000 billion barrels of oil, which have been found but not yet produced, and some 5,500 trillion cubic feet of natural gas—also found but not yet produced. At current consumption rates, that is 40 years of oil supply and 60 years of gas.

In addition, the US Geological Service estimates that some 800 billion barrels of oil and 4,500 trillion cubic feet of natural gas are yet to be found. And that does not include the very substantial heavy oil resources here in Canada and in Venezuela, which also are beginning to appear to have real potential as a source of future supply.

In terms of physical resources, then, energy security is within reach. There is no fundamental physical reason why there should be a shortage in the next 10 years, or indeed for many decades beyond that.

The challenge for energy security is that supply is not co-located with demand.

The fundamental fact is that now, and for the foreseeable future, four regions will account for the bulk of trade on the import side of the equation—the U.S., Europe, Japan and China. Even assuming that all four develop their own indigenous resources to the limit of what is economically rational, and diversify their energy supply sources where practicable, they still will need substantial and growing volumes of imported oil and gas.

Over a 10-year period, the trade in oil, in particular, will grow as a proportion of total demand, because production from the mature provinces in the developed world is plateauing and beginning to decline.

Oil trade is likely to rise as a proportion of consumption, from 50 per cent today to almost 70 per cent by 2015. Gas trade will also rise over the same period.

As I have discussed, there is no shortage of resources.

But the export side of the trade equation displays an even more powerful concentration of activity. By 2015, three areas will account for almost 80 per cent of all the oil traded in the world each day. The three are Russia, West Africa and the Gulf States of the Middle East. By 2015, on the IEA estimates, Saudi Arabia alone will be required to export some 15 to 16 million barrels of oil every day to balance the world market—and that assumes that both Iran and Iraq are by then producing and exporting at something close to their full capacity. That is a manageable situation, of course, but it does emphasise the need for the development of a wide variety of sources of supply, and of the infrastructure necessary to bring those supplies to market.

Canada is very important in that process. The energy produced and traded from this country—potentially including heavy oil—is a crucial element in the overall picture, and so is the infrastructure, which can take those resources to the markets where they are needed in North America and internationally.

That is one element of concern about energy security. The other concern is the environmental challenge associated with the growth in hydrocarbon consumption. In part, that is about the level of pollution caused, particularly in the cities as hydrocarbons are burnt. In part, and potentially more seriously, it is about the impact of increasing emissions of greenhouse gases on the earth's atmosphere—the issue of climate change or global warming.

The detailed science of climate change is still provisional. There are many things we don't know. But science is always provisional and in business we are used to working in circumstances where we don't know all the facts for certain.

That means we have to make judgments in conditions of uncertainty, weighing all the risks. On the basis of the available evidence about climate change, the clear judgment must be that there is a powerful case for precautionary action.

It would be too great a risk to stand by, do nothing and to wait so long that when the impact on the climate really does begin to be felt, the action, which has to be taken will be so fundamental as to cause serious damage to the world's economy.

There is a very strong case for precautionary action designed to limit any increase in the world's temperature to around 2 degrees Celsius. That translates into a stabilisation of greenhouse gases in the atmosphere at around 500 to 550 parts per million. That is the best current estimate of the level of safety and, of course, as knowledge advances that estimate could be adjusted and refined.

Can that stabilisation be achieved?

The answer is yes. It would mean putting ourselves on a trajectory to the point where in 2050, 50 per cent of global needs for energy would be met by conventional fossil fuels and the other 50 per cent would come from fuels with lower carbon emissions—in some cases with zero emissions. Each of those two halves would be about the size of today's energy industry.

I believe that is achievable.

A great deal of work and experimentation has been undertaken over the last few years—by governments, by academics and by the business world. We may not have a full international agreement, but we have a great deal more knowledge and experience than we did seven years ago.

People have demonstrated that emissions can be reduced—and at a very low cost—simply by reducing waste and inefficiencies. We did that in BP, and we found that we actually made money in the process.

Cutting out waste is a first step, but beyond that people have also begun to demonstrate that there are practical ways of managing the problem.

Some of the possible steps involve advances in efficiency such as raising the mileage per gallon of vehicles from 30 to 60 or eliminating waste, for instance, by ending the process of flaring the natural gas, which is produced in association with oil.

Some of the steps involve changing the product mix—using, for instance, natural gas to fuel power stations rather than coal, or looking further ahead, taking action to encourage the growth of solar power or some other form of energy supply which does not generate carbon emissions. There also is the possibility of developing coal gasification technology.

And some of the steps involve the development of new techniques, which are just emerging, to capture and store the carbon so that it never reaches the atmosphere. We in BP are developing a project in Algeria, which takes carbon out of gas, which is bound for Europe and re-injecting it into storage. That is a large-scale test of what is possible. If it works, it will reduce emissions by the same amount as would be achieved if we took 200,000 cars off the road.

Of course, there are many uncertainties. The decisions that require changes in life style may be unacceptable. The technology of carbon sequestration may be unattainable. There are uncertainties, but they are not all on the negative side. Technology is moving very quickly and will almost certainly offer new opportunities over the next half century—possibilities we can't even envisage at the moment.

What we need above all is an agreed target—set for the long term and supported by a trading system, which allocates resources effectively and efficiently. The European

Trading System is an important step in that direction, and could set a global standard, which leads the way forward.

So there are two major challenges for the world oil market, which will remain, even if prices subside from their current levels.

What conclusions can we draw?

First, that the world needs a secure supply of oil to provide heat, light and mobility—and that it needs an effective market mechanism to ensure that the supply is available when and where it is required.

Second, that there need be no shortage of oil and there need be no damage done to the world's natural environment. We can work our way through all the challenges.

The third point is that this is a common problem. Energy security in one country is impossible. So is environmental security. There is one market and one global climate.

That means that we all have to accept the reality of the challenges and the fact that their solution will require the combined actions of all those involved in the industry—governments and companies, public sector and private alike. We can't live in denial.

That need for a collective co-operative response is true with respect to energy security and with respect to the environmental issues. The private sector can do a great deal, but it can't operate effectively unless there is an effective framework which enables infrastructure and investment to proceed, and which incentivises innovation and the development and application of new technology.

I've spent more than 35 years in the oil industry now, including some very happy years here in Canada, and I've seen the market move through many different phases.

The market will never be placid and calm. No one who wants a quiet life should ever work in the oil industry. But it is a fascinating and very exciting place to be.

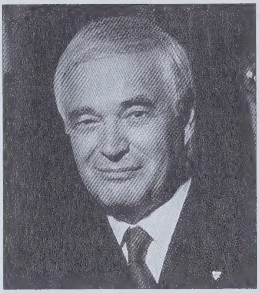
And I've always found from my experience that the market is a very dynamic phenomenon. It produces answers, often-unexpected answers, precisely because it stimulates innovation and creativity.

And that experience gives me the greatest confidence that however great the challenges answers will be found, and that the oil market, and the industry as a whole, will be as important to the economy of this century as it was in the last.

Thank you very much.

The appreciation of the meeting was expressed by Tony van Straubenzee, President, Rockhaven Consulting and Past President, The Empire Club of Canada.

David Dodge, Governor, Bank of Canada and Don McCutchan, International Policy Advisor, Business Law, Gowling LaFleur & Henderson LLP.



December 16, 2004

The Hon. James K. Bartleman

Lieutenant-Governor, Province of Ontario

ANNUAL CHRISTMAS LUNCHEON SEASON'S GREETINGS FROM THE HON. JAMES K. BARTLEMAN, LIEUTENANT-GOVERNOR OF ONTARIO

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

David Edmison, Past Chair, The Bloorview MacMillan Children's Hospital Foundation, Chair, The Empire Club Foundation, Chair, Empire Club Community Service Award Committee, Past President, The Empire Club of Canada and Partner, Martin, Lucas & Seagram, Investment Counsel; Reverend Rodger Hunter, St. Andrews Presbyterian Church, Toronto and 2004 Recipient of the Empire Club of Canada "Community Service Award"; Isaiah, "Wish Child," The Make-A-Wish Foundation of Toronto; Eden Rosen, Grantor, The Make-A-Wish Foundation of Toronto; Don Harris, Executive Director, The Good Neighbours Club; Caroline Owen, Communications Co-ordinator, The Dominion of Canada General Insurance Company; The Most Reverend Andrew Hutchison, Primate, Anglican Church of Canada; Gareth Seltzer, Volunteer, Breakfast for Learning Foundation and Past President, The Empire Club of Canada;

Margaret McConnell, Fund Raising Committee Chair, Halton Trauma Centre; Staff Superintendent Tony Corrie, Toronto Police Service, ProAction Cops & Kids; Tamur Khan, Grade 12 Student, Marc Garneau Collegiate Institute; Thomas Canning, "Artist in Residence" and Volunteer, Daily Bread Food Bank; and Sue Cox, Executive Director, Daily Bread Food Bank.

Introduction by Bart Mindszenthy

I am now especially pleased to introduce our Lieutenant-Governor.

The Hon. James Bartleman was sworn in on March 7, 2002 as the 27th Lieutenant-Governor of Ontario, following 35 distinguished years in Canada's Foreign Service.

Mr. Bartleman was born in Orillia and reared in Port Carling. He is a member of the Min-Jik-Ning Nation.

An accomplished author, Mr Bartleman's first book, "Out of Muskoka," was published in October 2002. This memoir of his early life won the Ontario Historical Society's Joseph Brant Award in 2003, presented for the best book on multicultural history published in the past three years. Mr Bartleman has donated all royalties to the scholarship fund of the National Aboriginal Achievement Foundation, whose new CEO addressed us just two weeks ago.

His Honour's second book, "On Six Continents," was published by McClelland & Stewart in March of this year. A vivid description of an adventurous life in Canada's foreign service, the book chronicles postings that took Mr. Bartleman around the world.

Royalties from that book fund the Lieutenant-Governor's Lecture Series on Shared Citizenship and Mental Health at the Munk Centre for International Studies at the University of Toronto.

His Honour has identified three key priorities for his mandate: to reduce the stigma of mental illness, to fight racism and discrimination, and to encourage Aboriginal young people. He launched the Lieutenant-Governor's Book Program in 2004, and collected over one and a quarter million used books, donated by generous Ontarians to stock school libraries in First Nations communities in Northern Ontario.

On a personal note, I must share with you my impression of His Honour. Not only has he had an impeccable career in the service of his country, but he also has demonstrated beyond any doubt his ability to captivate us with his written words—a skill so few possess.

And even more than that skill, we have in our Lieutenant-Governor a gentle and genuine, kind, caring, compassionate role model whose values are deep and true, and in whose footsteps it would be hard to follow because they are firm and sure.

Ladies and gentlemen, we are honoured to present the Lieutenant-Governor of the Province of Ontario, the Honourable James K. Bartleman.

James Bartleman

Thank you very much Mr. Mindszenthy. Archbishop Hutchison, Mr. Seltzer, ladies and gentlemen, I am really delighted to join you once again for this year's Christmas luncheon. In this season of goodwill, it is fitting that we recognize those who work to make life better in our communities. I am honoured and humbled to be in the company of head table guests from such impressive leading charities and look forward to presenting this year's Empire Club Community Service Award.

It's been an eventful year since I last spoke to you. I have travelled the length and breadth of Ontario from Port Severn in the North to Amhurstburg in the South, from Poplar Hill on the Manitoban border to Ottawa in the East and it has been my privilege to meet people from all walks of life—from royalty to students working to eliminate racism, from the President of Mongolia to the Anishnawbe Street Patrol that brings hot food and comfort to the city's homeless. I have focused very much on my three priorities, which have already been mentioned—anti-racism, mental health, and support for Aboriginal youth. My focus is on Ontario society as a whole, but I find a personal satisfaction given my own background to do what I can in those three particular areas.

We are fortunate to live in a free and open society in which all races and creeds are respected. Here in Toronto, the most multicultural city on earth, we view our ethnic and religious diversity as a source of strength, but we have no reason for complacency. There was a rash of anti-Semitic incidents earlier this year, for example, which was a reminder that we must never turn a blind eye toward racism. As a response to these anti-Semitic incidents, I convened a gathering of representatives from multi-faith organizations and members of the Jewish community to issue a statement against the state of racist activities. There have been other racist incidents affecting the Black community and other minorities within our community. We should always remain vigilant.

I would also like to take this opportunity to say that, particularly at this time of the year, we should not forget those members of our society who suffer from mental illness. I'm very proud to serve as honorary patron of the Centre for Addiction and Mental Health, the Ontario Chapter of the Canadian Mental Health Association, the Canadian Psychiatric Research Foundation, the Institute of Mental Research and Moods Disorders Association of Ontario and the Schizophrenia Society of Ontario. I've been very happy to speak at many of their events last year and in other events as well, such as those for the Global Economic Roundtable on Mental Health, the Family Association for Mental Health Everywhere and the A-Way Express.

I am someone who has been suffering from a mental illness for a number of years and I point out to everyone I speak to that one can, if they seek help and take proper medication and take advantage of the facilities offered in society, function quite well. They can even be a Lieutenant-Governor of the province.

I have made the point in all these occasions that we have to combat the stigma that society has put up, a stigma that goes back probably throughout history, that fear is the greatest barrier to the successful treatment of mental illness. Too may people suffer needlessly because the fear of social stigma keeps them from seeking help. They miss out on early interventions, that can and do transform illness into recovery.

In a Canadian community health survey released last year, it was pointed out that as many people suffered from major depression in this country as from diabetes or heart disease and almost one out of 10 Canadians over the age of 15 suffered from an addiction or a mental illness in the course of the year. And this is probably just the tip of the iceberg. If there are 500 people in this room, there are 50 fellow sufferers of mental illness in here and I wonder how many have been able to feel they are able to speak freely about their illness, because when you are able to do that then you are on the road to recovery. The survey also revealed that only about one-third of those suffering actually seek professional help, largely due to the stigma attached to their illness. That is a tremendous waste in terms of the individual's personal health and in terms of the loss to society as a whole. We have a long way to go to eliminate the stigma of mental illness and all of us have to work together to tackle the illness.

I would now like to bring you up-to-date on what I have been doing to assist in the third area and that is working with Aboriginal youth in the course of the year. Last year I mentioned at the 2003 Empire Club Christmas luncheon that I was really hoping to be able to collect some books for the disadvantaged communities in Ontario's North. The reason was that I was very fortunate when I grew up. Even though my parents had only a grade four education, we lived in a community where there was an excellent village library. I think if it wasn't for that village library I would've followed in my Dad's footsteps and been a casual labourer because I was completely useless at being an experienced labourer or a cabinet maker or an electrician or anything like that. The only thing I could do was wheel cement and that would've been my fate. However, with access to the village library in Port Carling, going with my father who despite his lack of education was an avid reader, I got a leg up on the other kid from the village to some extent because I was exposed to worlds that existed beyond the Muskoka of the 1940s and early 1950s. I was exposed to great literature and poor literature, all sorts of literature, to the magic of the written word, and discovered as a consequence that my grades in school suddenly went up.

I flunked grade two. How many Lieutenant-Governors in this country have flunked grade two? I tried hard but all that stuff was awfully hard for me. After being exposed to the written word I went to the top of the class. Maybe there were only two of us in the class, but I went to the top of the class. I won the Imperial Order of the Daughters of the Empire $5 award for being the best student in grade eight. There were only four of us in grade eight, but then in grade 12 I won another award which I think was $10, because the village was getting richer, for being the best student to graduate in grade 12. Of course I was the only student who graduated in grade 12. There are certain advantages when you go to a four-room continuation school that starts in grade one and goes to grade 12. Every year more and more of the students drop out because in those days you had to take French and Latin and the guys in Port Carling were not keen on Latin. By the time you got to grade 12, it was the person who had been to the village library and who had read about Horace and Ovid and the exciting life of ancient Rome who made it to grade 12.

I then joined the Foreign Service and was gone for 35 years. Twenty-five of those years were abroad. When I came back as Lieutenant-Governor, I wanted to support Aboriginal youth because I realized how important education was for everybody. I saw the statistics, which showed that Aboriginal people were at the bottom of the social economic scale, that the number of graduates from the Aboriginal community was very low compared to other groups, and I wanted to see what I could do about it.

It was a learning process and as I travelled across the province I visited First Nations communities and also

Friendship Centres in the urban area. I discovered the growth of an Aboriginal, middle-class in the cities with thousands of university graduates and a small urban middle-class. There was a huge urban class of individuals who were at the bottom in terms of their per-capita income and a tremendous amount of child poverty. Then you had the reserves in Southern Ontario which were not too different in terms of the number of students that they were producing going on to post-secondary education who were feeding this middle-class which was growing up. When I went to the North my eyes really opened. There I found that in two-thirds of the land mass of our province we have a third world. Statistically that area ranks about 62 on the United Nations Human Development Index which would place it somewhere in the middle of Africa; a place, which is also out of mind to a great extent to the rest of the people of the province.

The population was low in these areas but it was growing the fastest in terms of the number of children being born and the unemployment rates were 95 per cent. Despite the figures that I'd been given by Indian and Northern Affairs in Ottawa, that 27 per cent of those kids were going on to post-secondary education, I didn't find a single community in those upper reaches of our province where you had more than 1 or 2 per cent who were going on to post-secondary education. In many cases the quality of the education they had received was so poor that they were put back several years for retraining.

When I went into these communities I discovered that there were no libraries. Taken from my experience, how can you get an education if you don't have books to read? There were textbooks in the schools but there were no books for the children to read. In the communities there were no books. There were no bookstores of course in these places. Three litres of milk cost $12 in the local store. People didn't have money to buy books and the budgets were so tight for the schools as a whole they couldn't afford to buy books.

Therefore I launched a campaign to collect books for the children expecting to get about 60,000. We received 1.2 million books, which shows the generosity of the people of Ontario. The first big shipments of books that came in were from Northern Ontario from non-Native communities so it showed that attitudes were changing as well in terms of the relations between Native and non-Native people in the North. There was a tremendous desire to help out.

So with the help of the Ontario Provincial Police, the Army, and my 60 or 70 highly paid aide-de-camps, we sorted those books down to 850,000. With the help of Native airlines that flew books into the North, with the help of trucking companies largely in Manitoulin Island who provided trailer trucks, and with the help of the South Asian business community that raised money for the transport of books through a fundraising dinner and other generous people, we delivered all those books. In addition to doing the North we were able to do all the Native communities in Southern Ontario that wanted books and 26 Native Friendship Centres which serve the urban Native population of our province. And so $15–20 million worth of books were distributed without one cent of government money being spent and within a six-month period. I think that is a tremendously good news story to bring to you at the end of this year.

Now I'm moving to the next phase and I hope the people watching on television, if I haven't talked too long and they haven't shut it off already, will be interested. I am now in the process of twinning all the Native schools in Ontario that want to be twinned, plus the schools of Nunavit, because Nunavit is in very bad shape as well, with non-Native schools. So far 75 per cent of all the Native schools in Ontario have signed up, their Chiefs have all given me support, and with the Principals'

Council of Ontario we'll be twinning all those schools with non-Native schools. In the next two or three months every non-Native school that's twinned with a Native school will run a small book campaign just to get 300 or 500 children's books. They will work with the Canadian Legion, the Rotary, the IODE, and other organizations to raise the funds to send books to maintain those libraries.

They will also establish pen-pals between Native kids and non-Native kids. There will be an Aboriginal awareness week and there will be other curriculum activities between the Native and non-Native school teachers as they look at working together. This phase is focusing on literacy and also bridge-building between Native and non-Native communities.

The third phase which I hope will start next summer will be focusing on three things—literacy, bridge-building and helping to tackle the problem of Native suicides because five to seven times as many Native kids kill themselves than non-Native kids and the issues are boredom, the lack of summer camps and the lack of contact with people in the outside world. What I will be doing in the third phase is trying to establish summer camps in all the Native communities in the North for July or August. What I would like to see would be school teachers and grade 11 and 12 students going up to these isolated communities and running summer schools for elementary school kids with the grade 11 and 12 students of those communities, so that they can keep up with the three Rs, have sports activities and also focus on literacy. They will have things to do other than think about self destruction.

I'm hoping that this can happen as well at the non-governmental level and that I have the support of the people of Ontario as we move into that next phase. There is no magic bullet for the solution of suicide and literacy and the rest of them but this is about as good as I think you are going to get—summer camps, literacy emphasis, and a sustainable long-term approach. My approach is to look at the problem we have in front of us. Leave it to others to worry about issues of guilt and the history and all the rest of it. There is a concrete problem out there. Let's resolve it. There is goodwill in both the Native community and the non-Native community to work at this.

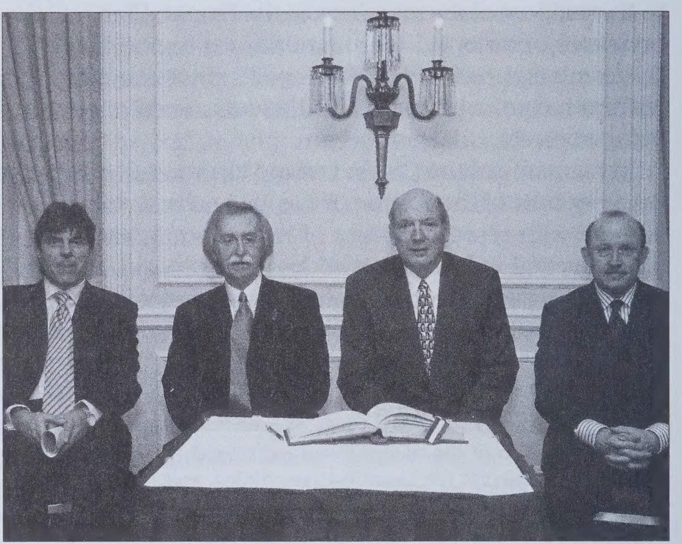
That's my message, that's my pitch, and I look forward to the support of the members of the Empire Club and the people of Ontario as I move into phases two and three of this campaign. I still do not wish government money. I just wish to have the goodwill of individuals and I'm sure I'm going to get it.

In the name of the Queen I would like to wish everyone the very best of the season. It has been a real privilege to be here with representatives of so many charitable organizations and individuals who are doing so much for the disadvantaged in our community at this time of the year.

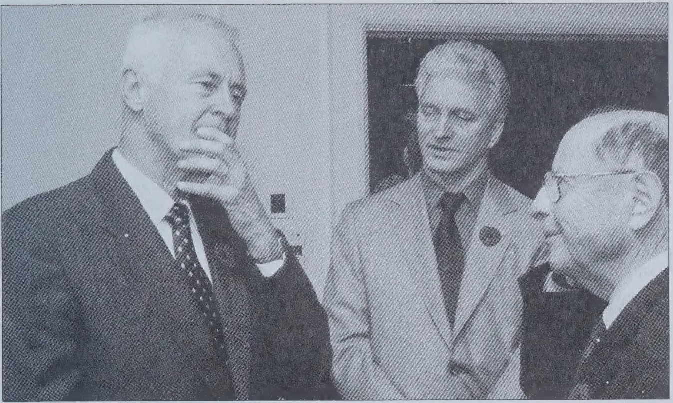
Merci beaucoup. Thank you very much.

The Empire Club was then entertained by the Toronto Mendelssohn Youth Choir.

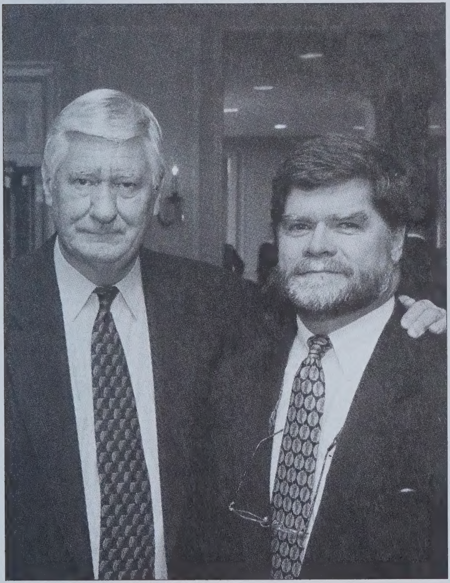
The appreciation of the meeting was expressed by Gareth Seltzer, Volunteer, Breakfast for Learning Foundation and Past President, The Empire Club of Canada.



Jeffrey G. Rubin, Chief Economist and Chief Strategist, Managing Director, CIBC World Markets Inc., Nick Barisheff, Founder and President, Bullion Marketing Services Inc., William G. Whittaker, QC, Partner, Lette Whittaker and 1st Vice-President and President-Elect, The Empire Club of Canada and Daniel E. Chornous, CFA, Chief Investment Officer, RBC Asset Management Inc.



The Hon. John F. Hamm, MLA, Premier, Province of Nova Scotia, George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada and The Hon. Sinclair Stevens, Chairman, Royal Commonwealth Society Foundation and Chairman, Planet Today.



Dr. Ronald Taylor and Michael Keaveny, Principal Commercial Officer, U.S. Department of Commerce.

Past Presidents Dinner, 2004–2005.

Dr. Reginald Stackhouse, MA, LTh, BD, PhD, DD, Principal Emeritus and Research Professor, Wycliffe College, University of Toronto and Past President, The Empire Club of Canada, The Hon. Pat Binns, Premier, Prince Edward Island and Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada.

Bart J. Mindszenthy—greeting students at an Empire Club of Canada lunch.

Jeannie Butler, President, The St. George's Society of Toronto and Vice-President, D'Vine, Wine International, Georgina Steinsky-Schwartz, President, Canadian Centre for Philanthropy and Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada.

Lou Natale, Director of Sales, Nortel and Director, The Empire Club of Canada, Robin Sears, Principal, Navigator Limited and Director, The Empire Club of Canada and Charles S. Coffey, Executive Vice-President, Government and Community Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

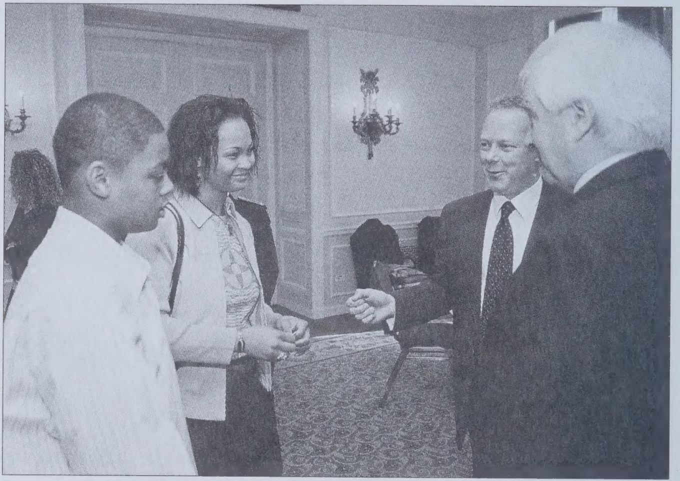
The Hon. Bernard Lord, MLA, Premier, Province of New Brunswick and Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada.

Bart J. Mindsenthy, APR, Fellow CPRS, President, The Empire Club of Canada, David Dodge, Governor of Canada, Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada, Gail Roberts, Partner, Mindszenthy & Roberts Corp. and Chair, Speech Foundation of Ontario and Gary Nacht, President, Synergy Enterprises LLC.

William Thorsell, CEO, Royal Ontario Museum and Tony van Straubenzee, Past President, The Empire Club of Canada.

Ann Curran, Director, Corporate Relations, AIC Limited and Donald K. Johnson, Vice-Chairman, BMO Nesbitt Burns Limited.

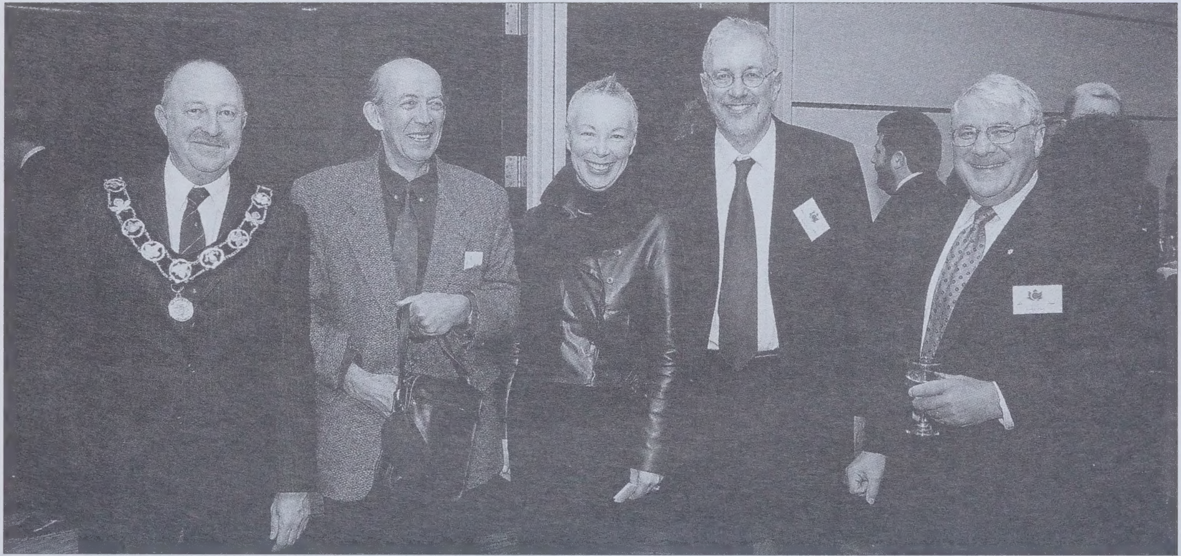
Frederic L.R. Jackman, CStJ, OOnt, LLD, President, Invicta Investments Incorp. and Past President, The Empire Club of Canada and The Hon. James K. Bartleman, Lieutenant-Governor of Ontario.



Isaiah, "Wish Child," The Make-A-Wish Foundation of Toronto and his mother, Gareth S. Seltzer, President, TWS Canada Group and Past President, The Empire Club of Canada and The Hon. James K. Bartleman, Lieutenant-Governor of Ontario.

Pipe-Major John Wakefield, LCol. A.G. (Sandy) Cameron, CStJ, CD, AdeC and R. Dorene Seltzer, Chair, The Seltzer-Chan Pond Inlet Foundation.

Brenda Lawlor, Gail Roberts, Partner, Mindszenthy & Roberts Corp., Pat Mills, Career Partners Hazell & Associates and Director, The Empire Club of Canada and Fred Lawlor, Vice President and General Manager, Avendra.

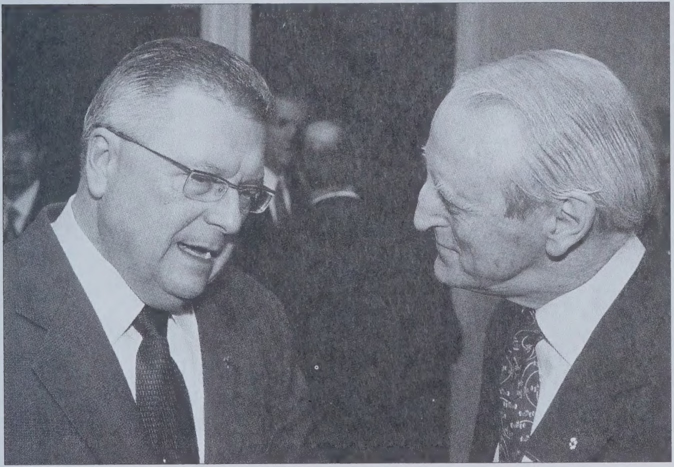


Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada, James A (Jay) Richardson, Chairman, Manaca Inc. and CFO, First Metals Inc., Gail Roberts, Partner, Mindszenthy & Roberts Corp., Sheldon Levy, President and Vice-Chancellor, Ryerson University and Fred Gorbet, CIT Chair in Financial Services, Schulich School of Business, York University.

LCol A.G. (Sandy) Cameron, CStJ, CD, AdeC, Director, The Empire Club of Canada, MGen Reginald W. Lewis, CMM, CM, CD, Past President, The Empire Club of Canada and MGen Bruce J. Legge, CMM, CM, KStJ, ED, CD, QC, Partner, Legge & Legge and Past President, The Empire Club of Canada.

William G. Whittaker, QC, Partner, Lette Whittaker and 1st Vice-President and President-Elect, The Empire Club of Canada, Heather C. Devine, Associate, Gowling LaFleur Henderson LLP and Director, The Empire Club of Canada and J.A. William (Bill) Whiteacre, MM, CD, QC, Honorary Director, The Empire Club of Canada.

Jeff Barrett, President, MacMedics and John W. Thompson, Chairman and CEO, Symantec Corporation.



The Hon. Ralph Goodale, PC, MP, Minister of Finance and Donald K. Johnson, Vice-Chair, BMO Nesbitt Burns Limited.

The Hon. Mike Harris, Goodmans LLP and Former Premier of Ontario, The Hon. John Turner, Partner, Miller Thomson and Former Prime Minister of Canada and Chaplain Bruce Smith, King/Bay Chaplaincy, Pastor Rock and River Congregation.

Réal Raymond, President, National Bank, Malcolm J. MacKillop, Partner, Fraser Milner and Director, The Empire Club of Canada and Harry T. Seymour, PEng, FFAF, President, Waterston Financial Inc. and Past President, The Empire Club of Canada.

Diana Conconi, Senior Vice-President and Partner Fleishman-Hillard and Director, The Empire Club of Canada and Daniel Jouanneau, Ambassador of France to Canada.

EMPIRE CLUB
2005

Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada, Rev. Canon Kimberley Beard, BA, BEd, MDiv, Senior Pastor, St. Paul's On-the-Hill Anglican Church and Director, The Empire Club of Canada, Barry St. Denis, IT School of Nursing, University of Toronto and Vocalist, The Empire Club of Canada and Bernard Lette, Consul General of Monaco and Partner, Lette Whittaker Barristers and Solicitors LLP.

The Hon. Ernie Eves, Founder and Hon. Chairman, Justin Eves Foundation and Former Premier of Ontario, Joseph Rotman, OC, Founder, Chairman and CEO, Clairvest Group Inc. and Roy-L Capital Corporation and David Lindsay, President, Association of Colleges of Applied Arts and Technology of Ontario (ACAATO) and Director, The Empire Club of Canada.

Bluma Appel, Chair, Canadian Foundation for AIDS Research Foundation and Philanthropist, Robert Foster, BA, MA, CFA, President and CEO, Capital Canada Limited, The Hon. Madam Justice Rosalie Silberman Abella, Judge, Supreme Court of Canada and Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada.

Anne Lato, Administrative Assistant, The Empire Club of Canada, Major William A. Duncan, DC, Honorary Director. The Empire Club of Canada and Debbie Testa, Administrator, The Empire Club of Canada.

Rev. Dr. John S. Niles, United Church, Markham and 2nd Vice-President, The Empire Club of Canada and William F. White, President, IBK Capital and Director, The Empire Club of Canada.

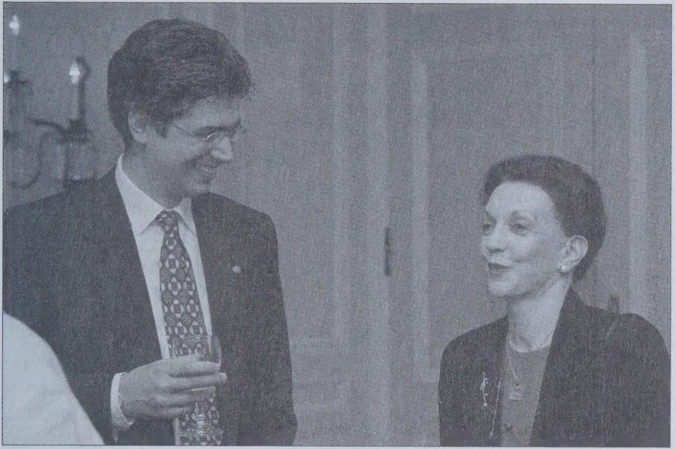
Hannah Taylor, Founder, The Lady Bug Foundation and Charles S. Coffey, Executive Vice-President, Government Affairs and Business Development, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

Charles S. Coffey, Executive Vice-President, Government Affairs and Business Development, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada, Rick Waugh, President and CEO, Bank of Nova Scotia, Roberta Jamieson, President and CEO, National Aboriginal Achievement Foundation, Ted Rogers, President and CEO, Rogers Communications Inc., Glen Grunwald, President and CEO, Toronto Board of Trade and Michael Sabia, President and CEO, BCE Inc.

Allan E. Gotlieb, CC, Senior Advisor, Stikeman, Elliott and Former Canadian Ambassador to U.S.A., Sandra Gotlieb, Author and Columnist and Gail Roberts, Partner, Mindszenthy & Roberts Corp.

The Hon. Donald S. Macdonald, PC, CC, Senior Advisor, Lang Michener, Former Federal Cabinet Minister and Former High Commissioner for Canada to United Kingdom and Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada.

Anne Fotheringham, Owner, Fotheringham Fine Arts and Director, The Empire Club of Canada, The Hon. Paul Okalik, Premier, Nunavut Territory and Allan Fotheringham, National Columnist and Author.



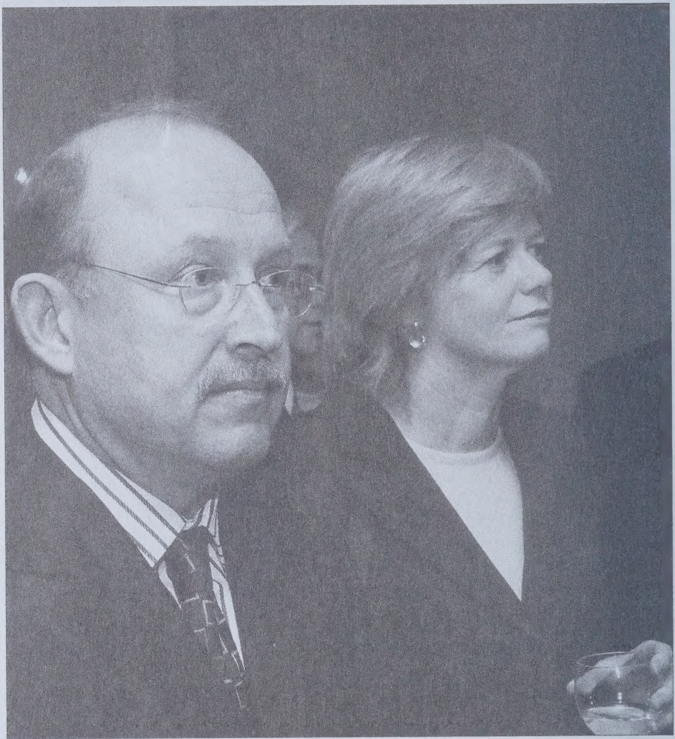
Kamal Hasan, Director, The South-East Asia Group and Director, The Empire Club of Canada and Catherine R. Charlton, MA, Executive Director, ProAction, Cops and Kids and Past President, The Empire Club of Canada.

His Excellency, Mr. Allan Rock, Ambassador and Permanent Representative, Permanent Mission of Canada to the United Nations and William G. Whittaker, QC, Partner, Lette Whittaker Barristers and Solicitors LLP and First Vice-President and President-Elect, The Empire Club of Canada.

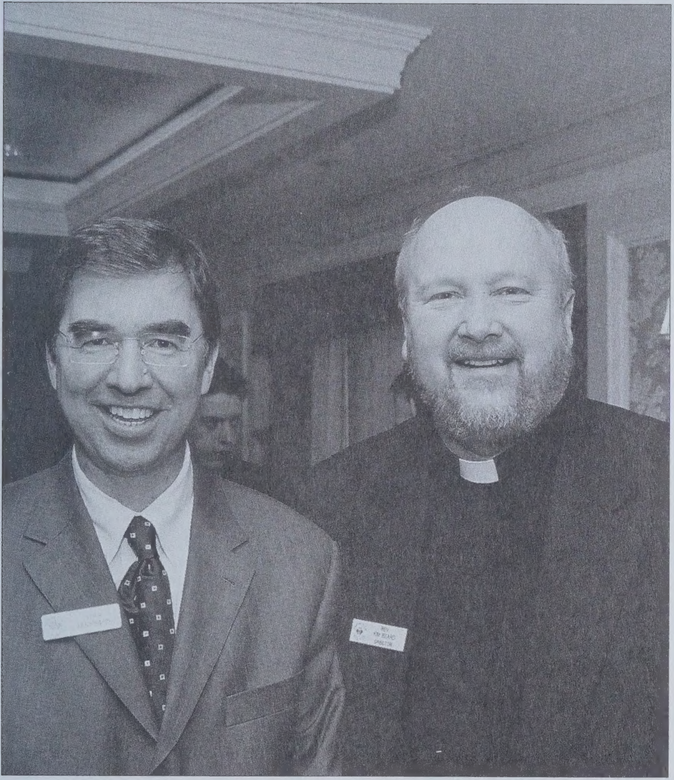
Edward P. Badovinac, Director, The Empire Club of Canada, The Hon. Bernard Lord, MLA, Premier, Province of New Brunswick and Jocelyn Badovinac, Honorary Director and Archivist, The Empire Club of Canada.

Rev. Vic Reigel, Christ Church, Brampton and Heather Ferguson, President, The Hearing Foundation of Canada and Director, The Empire Club of Canada.

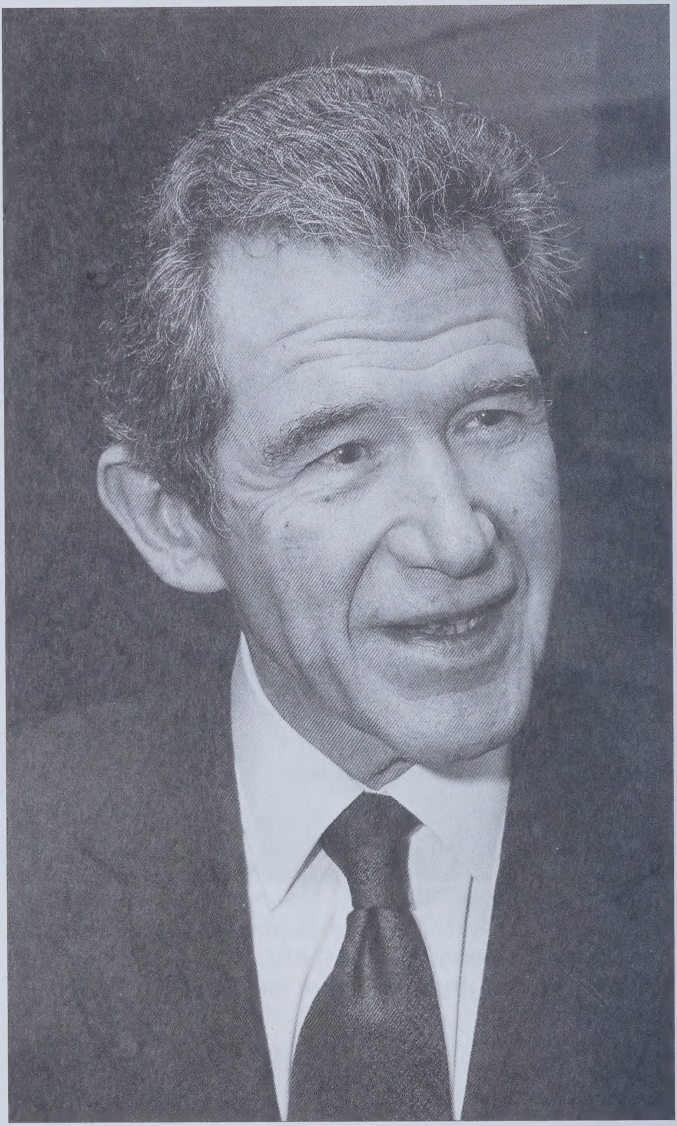
Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada, Roberta Jamieson, President and CEO, National Aboriginal Achievement Foundation, The Rt. Hon. Paul Martin, Prime Minister of Canada and Gail Roberts, Partner, Mindszenthy & Roberts Corp.



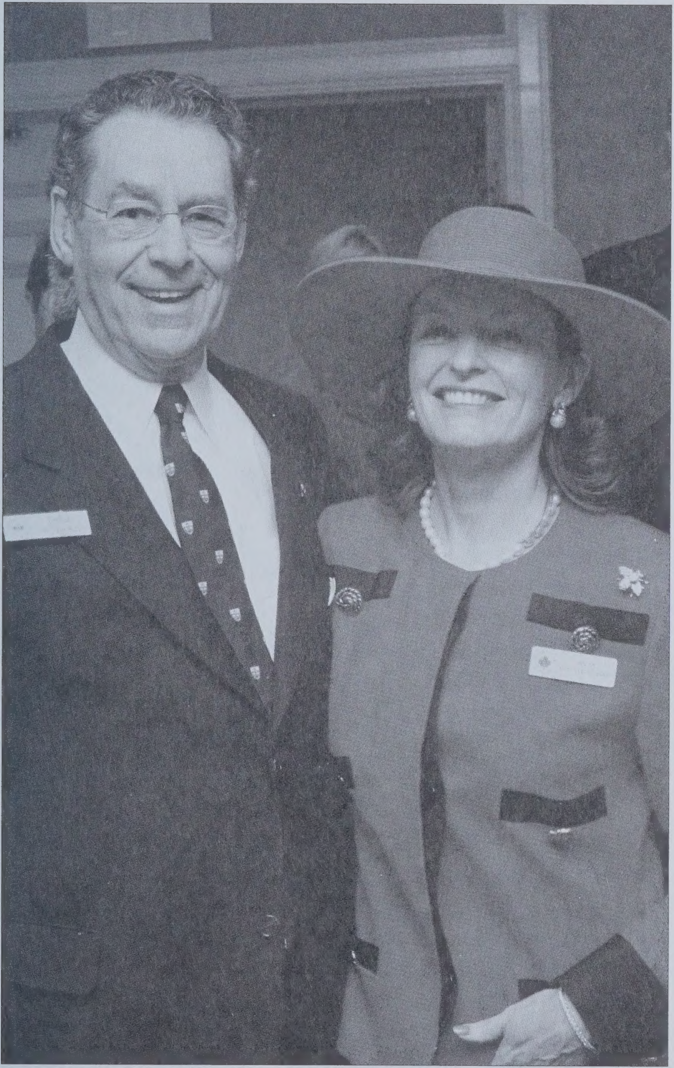
Daniel E. Chornous, CFA, Chief Investment Officer, RBC Asset Management Inc. and Barbara Stymiest, COO, RBC Financial Group.



John C. Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada and Rev. Canon Kimberley Beard, BA, BEd, MDiv, Senior Pastor, St. Paul's On-the-Hill Anglican Church and Director, The Empire Club of Canada.



The Rt. Hon. The Lord Browne of Madingley, Chief Executive, BP plc.



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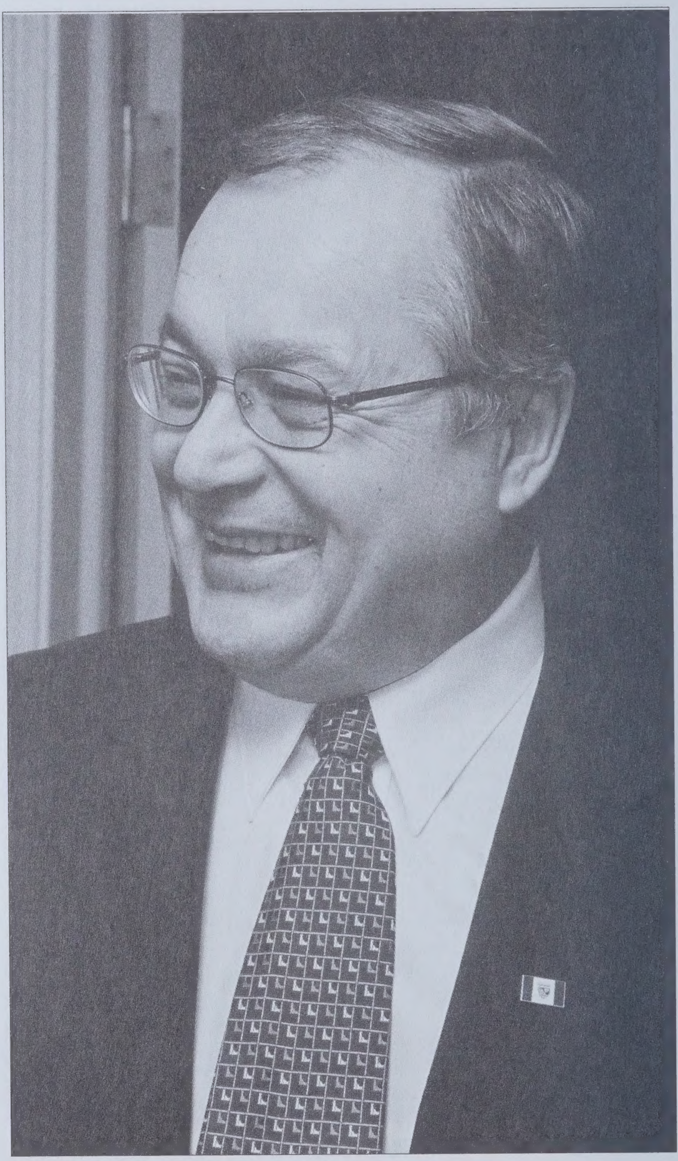
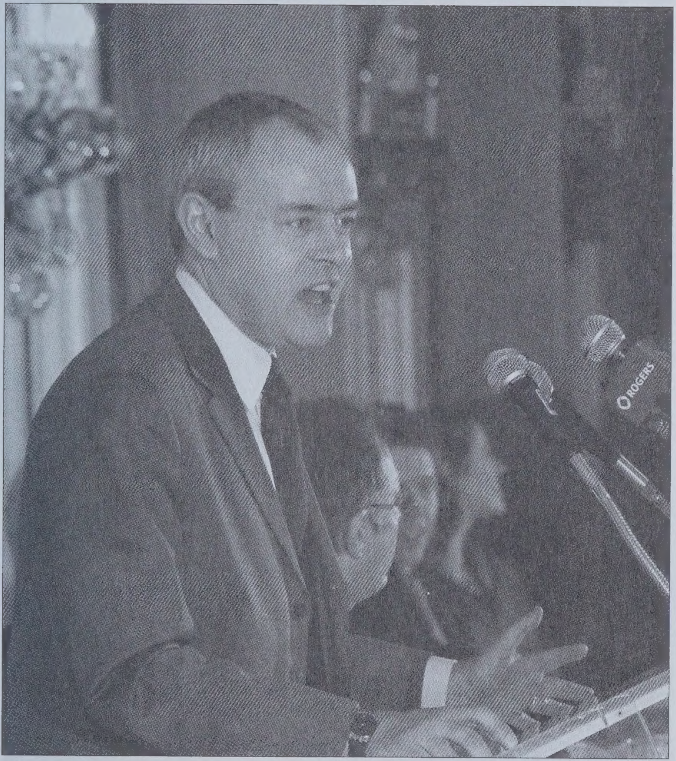
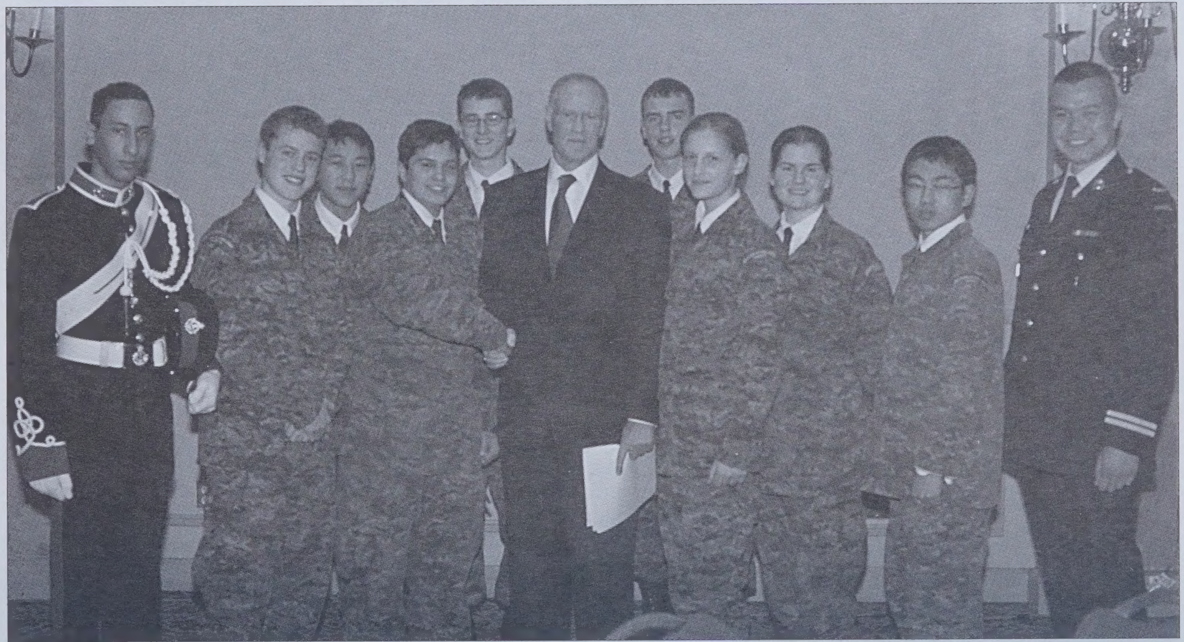


The Hon. Joseph Handley, Premier, Northwest Territories.



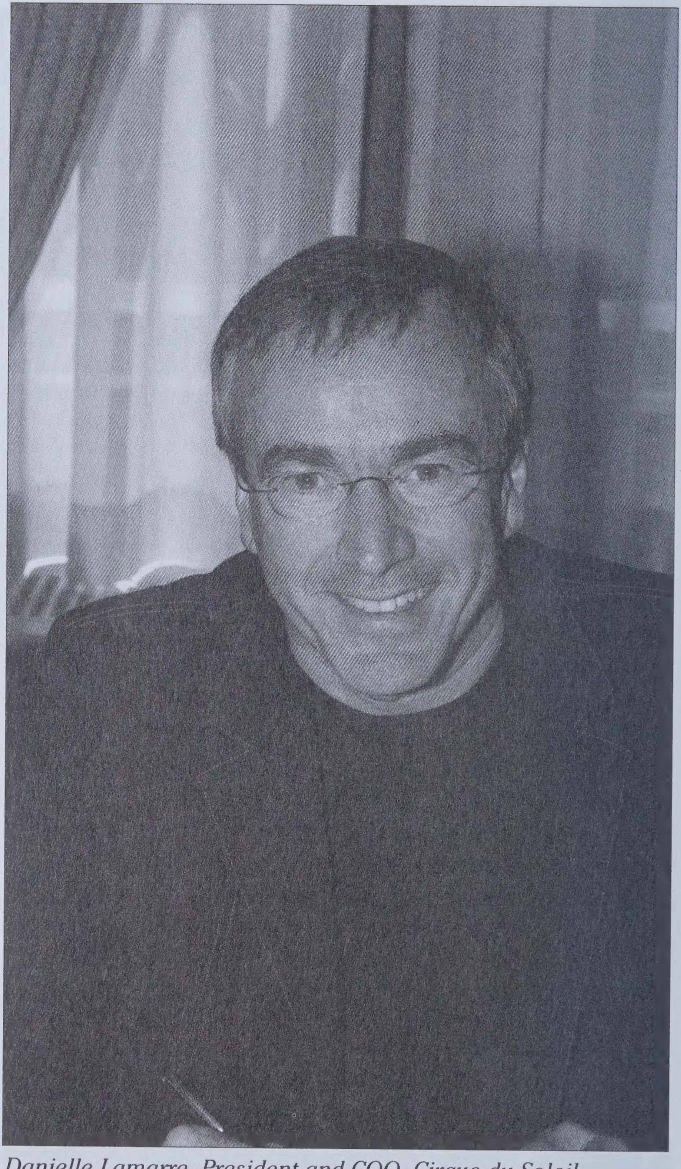
Laurent Trupin, CEO, Invest in France Agency.



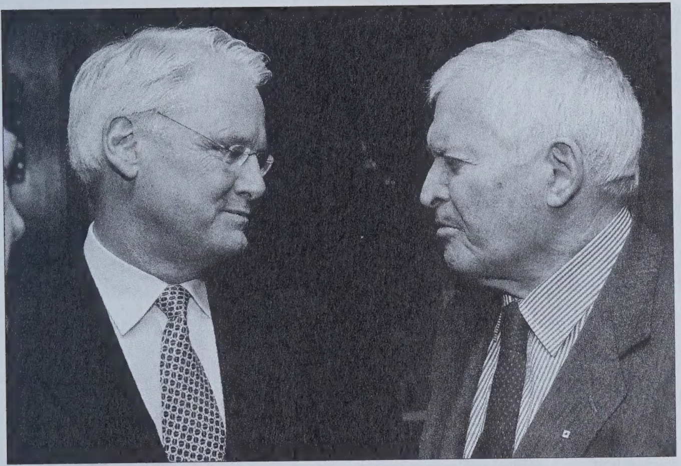
The Hon. Bill Graham, PC, MP, Minister of Defence with students from De La Salle College.

Jocelyn Beaudoin, OC, Quebec Representative in Toronto and Luc Beauvergard, OC, Chairman, National Public Relations.

Kazuma Sato, Oakwood Collegiate Institute, Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada, Edward P. Badovinac, Chair of the Year Book and Director, The Empire Club of Canada, His Excellency, Sadaaki Numata, Ambassador of Japan to Canada and Mrs. Numata.

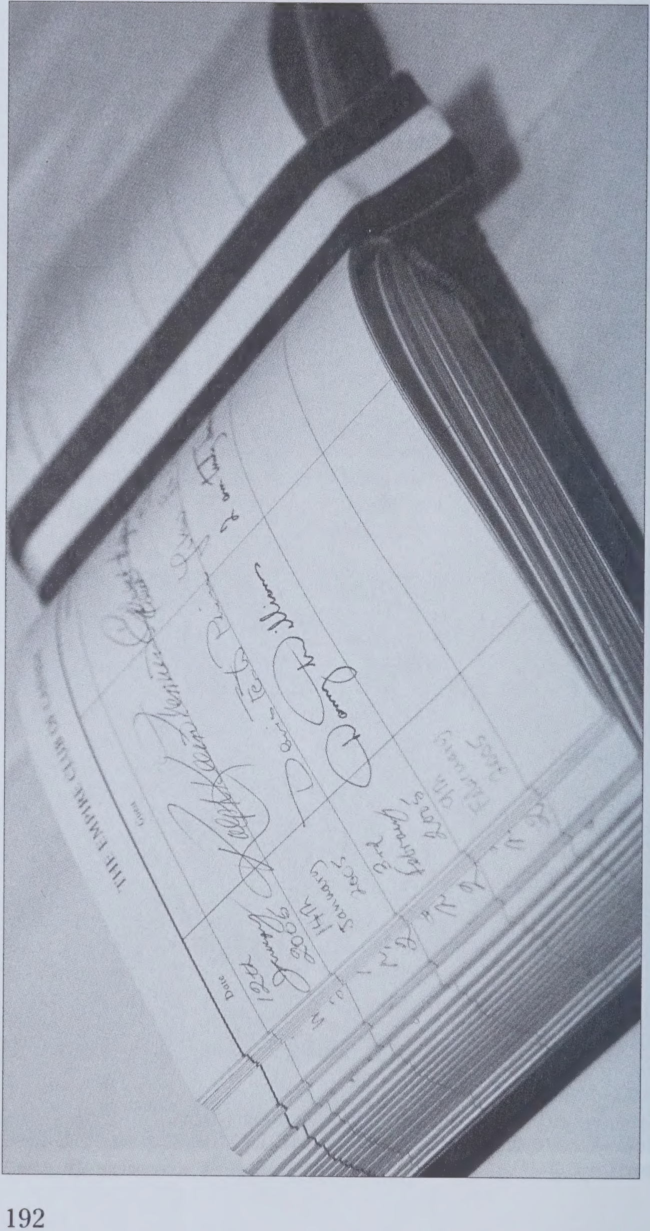


Danielle Lamarre, President and COO, Cirque du Soleil.

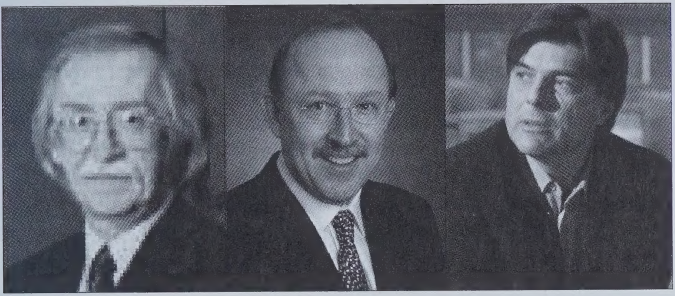


The Hon. Gordon Campbell, Premier, British Columbia and The Hon. John Turner, Partner, Miller Thomson, LLP and Former Prime Minister of Canada.

Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada, Edward P. Badovinac, Director, The Empire Club of Canada and The Hon. Denis Fentie, Premier, Yukon Territory.


THE EMPIRE CLUB OF CANADA
Date
Guest

The Famous Empire Club of Canada Guest Book.



January 6, 2005

Nick Barisheff

Founder and President, Bullion Management Services Inc.

Daniel E. Chornous, CFA

Chief Investment Officer, RBC Asset Management Inc.

Jeffrey G. Rubin

Chief Economist and Chief Strategist,
Managing Director, CIBC World Markets Inc.

2005 INVESTMENT OUTLOOK

Chairman: **William G. Whittaker**
1st Vice-President and President-Elect,
The Empire Club of Canada

Head Table Guests

Margaret M. Samuel, CFA, Director, The Empire Club of Canada; Stephen Pang, Grade 12 student, Earl Haig Secondary School; Richard W. Nesbitt, CEO, TSX Group; Bruce J. Robb, CFA, Managing Director, Head of Canadian Equity Sales, Merrill Lynch Canada Inc.; Christina A. Cavanagh, Executive Director, Toronto CFA Society;

Morley W. Salmon, Chairman of the Board, Limited Market Dealers Association of Canada; Robert L. Brooks, Senior Executive Vice-President, Treasury and Operations, Scotiabank and Past President, The Empire Club of Canada; Joseph J. Oliver, President and CEO, Investment Dealers Association of Canada; Jim C. Kelly, Managing Director, Global Debt Markets, RBC Capital Markets; William F. White, President, IBK Capital Corp. and Director, The Empire Club of Canada; The Hon. Thomas A. Hockin, PC, PhD, President and CEO, Investment Funds Institute of Canada; Ted Larkin, Director of Research, Orion Securities; Barbara Stymiest, COO, RBC Financial Group; Bruce Shaw, Managing Director, Head of Sales, TD Newcrest; Susan Wolburgh Jenah, Vice-Chair, Ontario Securities Commission; and David Fleck, Executive Managing Director, BMO Nesbitt Burns Inc.

Introduction by William Whittaker

Most of us here at sometime in our lives have found ourselves agreeing with Ogden Nash in his "Hymn to the Thing that Makes the Wolf Go":

O money, money, money
I'm not necessarily one of those
who think thee holy,
but I often stop to wonder
how thou canst go out so fast,
when thou comest in so slowly.

Hopefully, the insights we will receive today from our three speakers will cause our net worth to increase not decrease!

I will introduce each speaker separately who will speak for 10 minutes or so on his particular topic.

Our first speaker is Nick Barisheff, the Founder and President of Bullion Management Services Inc, the Trustee and Manager of the Millennium BullionFund, Canada's first and only RRSP eligible open-end bullion fund.

Mr. Barisheff has been actively involved in the finance and investment business for over 25 years. During the 1970s, at the Investment Division of A.E. LePage, he was instrumental in the conception and implementation of a new dual licensing status—securities and real estate—for its members. As underwriting/listing manager, he pioneered the syndication of real estate and was responsible for residential and commercial investment projects nationwide. Subsequently, his consulting activities involved the development of an investment vehicle that allowed RRSP funds to be used for purchasing raw land and the sourcing of venture capital financing for a number of resort hotels, a chain of franchised medical clinics, and a software development company. Mr. Barisheff.

Nick Barisheff

The Outlook for Gold in 2005

It's January, the beginning of a new year, and the time when economists, analysts and even astrologers like to prognosticate about what lies in store for the next 12 months.

With respect to gold, opinions on the price vary from $400 to $500 per ounce for 2005. These opinions presume that current conditions will remain relatively stable, and if they do the $400–$500 range is reasonable. Since the range is quite broad, a review of some history and an examination of some current trends may be helpful in gaining additional insights.

First, it is important to realize that the 70-per-cent rise in the price of gold since 2001 is not because of any supply/demand imbalance, as an industrial commodity. Merely speculating on the price of gold ignores its other benefits and relegates it to a commodity with no more stature than copper or pork bellies. But gold has an important monetary role, as confirmed by the billion ounces still held by Central Banks, and by the clearing turnover of $6 billion daily by members of the London Bullion Market Association.

Although various paper proxies and gold derivatives can provide trading opportunities, they may not provide the wealth preservation and hedging benefits of bullion itself. In order to achieve these benefits, gold holdings must be in the form of fully allocated, segregated bullion with reliable custodial arrangements. Since mining shares and other gold proxies are either someone else's liability or promise of performance, they may not provide these benefits at a time when they are needed most.

Wealth preservation has been an attribute of gold bullion, and it is the reason gold has functioned as money for over 3,000 years. Although gold prices in local currencies may have fluctuated during both inflationary and deflationary periods, gold has maintained or even increased its purchasing power in both instances.

Gold's ability to preserve purchasing power was discussed in detail in an essay written in 1966 by none other than Allan Greenspan, entitled "Gold and Economic Freedom."

We have all heard that you could always buy a man's suit with an ounce of gold. I can remember that in 1971, the price of a basic car was about $2,500 or 71 ounces of gold. Since then, the dollar price of the car has increased 5-fold to $14,000, but for the same 71 ounces of gold, you can now buy two cars. This relationship holds true for real estate, oil, and the number of ounces to purchase the DOW, where the cost in gold ounces has either remained the same or decreased over the last 30 years.

The same cannot be said for paper currencies. Throughout history, currencies have come and gone as they were inflated away by emperors, kings and politicians. Since 1971, when the U.S. abandoned gold convertibility, the purchasing power of both the Canadian and the U.S. dollar has declined by over 80 per cent due to inflation.

Because of wealth preservation and hedging benefits, gold bullion cannot be viewed like other portfolio holdings.

The hedging benefits of bullion are achieved because gold is negatively correlated to traditional financial assets such as stocks and bonds. These hedging benefits become particularly pronounced during periods of economic stress. When you compare how poorly stocks, bonds, real estate and currency performed relative to gold during recent currency crises in Russia, South East Asia and Argentina, these benefits become apparent.

The old Wall Street saying, “Put 10 per cent of your money in gold and hope it doesn’t work,” is particularly applicable today.

Often when I mention this saying I am asked what it means. Why would you hope it doesn’t work? Aren’t you in the precious metals business?

Over the long term, a portfolio allocation of at least 10 per cent to physical bullion reduces overall volatility, improves returns and provides a form of portfolio insurance. With our investment portfolios, we would all like to maintain an optimistic outlook, hoping that the economy will continue growing and our investments continue appreciating. However, since financial markets are cyclical, it is only prudent to maintain some portfolio insurance, in the form of bullion, in case markets move against us. Even though we pay for house insurance year after year, we would still rather that our house does not actually burn down.

Unlike traditional insurance or other hedging strategies, bullion is an asset rather than an expense. It has a price floor approximately equal to the cost of mining it. Unlike stocks and financial derivatives, the value of bullion cannot decline to zero.

Because of the recent equity rally, many investors feel that the worst is over and there is no longer a need to diversify and hedge. However, an increasing gold price is like a financial barometer warning of an impending storm.

Is the storm over, or are we actually in the eye of a hurricane?

Leaving aside the impact of natural disasters, terrorist attacks and wars, are the economic conditions that have contributed to a rising gold price still relevant as we go forward into 2005 and beyond?

Are the financial vulnerabilities arising from a mortgage-induced real-estate bubble still present? Are the concerns expressed by both Warren Buffett and Alan Greenspan about the $200 trillion of derivatives exposure still present? By historical measures, are equity markets fairly valued? Will the looming peak in oil production and increasing global demand cause a continuous rise in the price of oil, thus impacting global economies and industrialized societies?

But the worst threat of all comes from the continuous increases in the money supply through the expansion of credit, at all levels. Simply put, there is an ever-increasing amount of paper money chasing a limited supply of physical bullion. Unless corrected, the inflationary growth of the money supply, federal budget deficit, trade deficit and current account deficit will cause the U.S. dollar to plunge in value while the gold price climbs. In looking forward to 2005 and beyond, we need to determine whether it is realistic to expect that this credit growth will be stopped or even reduced.

Today, the annual increases in the U.S. federal budget deficit are greater than the total federal government debt was in 1971. This is an alarming trend. Even during reported budget surpluses in 1998 and 1999, total government debt still grew year after year to the current level of $7 trillion. The U.S. is now paying over $300 billion in interest to holders of federal debt. If this rate of increase continues, eventually annual tax revenues will not be enough to even service interest costs.

Notwithstanding that the US Dollar Index has declined by over 35 per cent, the trade deficit grew to a staggering $600 billion in 2004, and now totals nearly $5 trillion cumulatively. The phenomenon of a growing trade deficit during a currency decline is without historical precedent. We don't have to look far to find the reason for this anomaly. Since the U.S. has outsourced a great deal of its manufacturing and is dependent on commodity and energy imports, the trade deficit has become an ongoing systemic problem. For the past 60 years the U.S. has enjoyed special privileges because of the dollar's reserve status and the willingness of foreigners to invest in U.S. dollar assets.

The US Current Account deficit now stands at over $650 billion, and represents about 6 per cent of GDP. But what has this got to do with the price of gold? This ratio is the highest since 1929. Most economists consider 5 per cent a critical level for current account deficit/GDP ratios. In the past, when third-world countries reached that level, a currency crisis followed.

Could the U.S. be the next Argentina?

This credit expansion has led to a total U.S. debt of $34 trillion—over 300 per cent of GDP—the highest level in history. In addition, we need to add $55 trillion in unfunded pension liabilities and Medicare obligations. In all, this mountain of debt requires that the U.S. borrows about $80 million per hour, and absorbs over 80 per cent of the world's savings.

Here is a startling fact: it now takes $7 of new debt for every $1 increase in GDP. How much confidence would you have in a corporation that needed to borrow $7 annually just to increase its gross revenues by a dollar? Clearly this cannot go on much longer.

No wonder Alan Greenspan recently warned that "foreigners' appetite to continue to invest in the U.S. may not be adequate to fully sustain the expected growth in the net indebtedness of the U.S."

Translated into English, his statement means that eventually foreign investors will stop lending the U.S. any more money.

No one knows for certain when that day will come. It may be next week, or several years from now. You may think that it cannot happen in the U.S., but history gives us numerous examples of excess debt leading to a currency collapse. Unless there is the political will to reduce or eliminate the current mountain of debt, the day of reckoning must eventually come. The longer it is postponed, the worse it will ultimately be. Since politicians are not known for their ability to control their spending and are not elected on platforms that propose unpleasant financial medicine, it is difficult to imagine that the steps necessary to fix the problem will be taken.

Canadians need to pay attention to these issues as well. While I have focused on increases in the U.S. money supply, you may be surprised to know that the Canadian money supply has risen at twice the rate of the U.S. Because of the fractional reserve banking system and global fiat currencies, the U.S. has exported credit bubbles to the countries that run a trade surplus with it. In Canada, we are particularly vulnerable to the state of the U.S. economy and its monetary policy. We depend on the U.S. to buy our exports, and U.S. dollars represent 50 per cent of our currency reserves. Canada is now the only G8 country without any gold bullion to back its currency.

Bearing this in mind, is it likely that the Canadian dollar will maintain its recent gains against the U.S. dollar?

Up to this point, we have simply assumed a continuation of current conditions. Maybe the U.S. and the global economy will "muddle through," and business will continue as usual. But is it really prudent to maintain a long-only bias in your portfolio and assume that the longest-running bull market in history will continue for another 20 years? After all, markets are cyclical, not linear. A 10-per-cent allocation to bullion for its hedging and wealth preservation benefits seems more than justified.

However, if one of the previously mentioned vulnerabilities experiences a trigger event, then bullion may provide impressive capital gains over and above hedging.

Since February 2002, the US Dollar Index has declined 35 per cent, wiping out $3 trillion for foreign investors. If the dollar continues to decline, the day will come when the world will no longer be willing to increase its U.S. dollar holdings. The US Federal Reserve will then be faced with a no-win situation: increase interest rates dramatically, or let the dollar fall.

If foreign investors get nervous and start selling some of their 10 trillion dollars' worth of U.S. dollar holdings, it may create a descending spiral of further dollar declines coupled with financial asset declines. If that happens, the line between hedging and capital appreciation will become blurred. In the 1970s, a loss of confidence resulted in the U.S. dollar declining 70 per cent in German marks and Swiss francs. Gold, however, experienced a 2,300-per-cent increase.

Historically, a reliable indicator for the trend direction of gold and equities is the DOW:gold ratio. When the ratio increases, it is a good time to be overweight equities and when it declines, it is better to be overweight gold. The ratio was 1:1 in 1935. In 1980, when gold was $850 and the DOW was 925, it again approached 1:1. The ratio peaked at 43:1 in 2001, but has steadily declined to its current level of 25:1. Richard Russell, publisher of the DOW Theory Letter since 1958, predicts that the DOW:gold ratio will once again be 1:1. The question is: "Will both gold and the DOW be at 1000, 2000, or 5000?"

As far-fetched as these possibilities may sound today, they may in fact come to pass. In 1989, investors would have found it hard to imagine the 80-per-cent decline in Japanese equities that ensued over the next 13 years. Equally difficult to foresee in the early '80s, when the NASDAQ was 400, was its rise to 5000. In 1971, when gold was $35 an ounce, no one imagined the 23-fold increase that gold would experience over the next nine years.

We now appear to be entering the second leg of the precious metals bull market, a time when institutions and hedge funds are beginning to invest in physical bullion. Because of the tremendous market-size disparity between financial assets and precious metals, bullion prices would rise dramatically if a minute percentage of global investors allocate 10 per cent to bullion.

While there is $50 trillion in global financial assets, there is less than $1.5 trillion in above-ground gold, less than $1 billion in above-ground silver and practically no above-ground platinum.

Eventually there may even be shortages. You can not simply print more bullion to meet demand. New mines take 5–10 years to bring into production.

In 2005 whether the price of gold will be $400 or $500 does not really matter. Would it have mattered whether you bought the NASDAQ at 400 or 500 in the mid-'80s? It is only important that you did not buy at 5,000.

No matter what the price turns out to be in 2005, it is still wise to put 10 per cent of your money into gold—and hope it does not work.

Introduction by William Whittaker

Our next speaker is Daniel Chornous, CFA, who is Chief Investment Officer of RBC Asset Management, Canada's largest mutual fund complex, with over C$45 billion in global equity and fixed income mandates, including the Royal Mutual Funds group of products. Mr. Chornous is responsible for the overall direction of investment policy and fund management at RBC. In addition, he chairs the RBC Investments Strategy Committee, the group responsible for global asset mix recommendations and global fixed income and equity portfolio construction for use in RBC Investments' key client groups including RBC Funds, Global Private Banking, RBC Dominion Securities and RBC Private Counsel. Mr. Chornous.

Daniel Chornous

2005: The Outlook Again Favours Stocks Over Bonds

After a strong finish to 2004, markets have stumbled through the first trading days of 2005. In Canada and the United States, yields have held within a 10-basis-point range, but stocks are already down a little more than 2 per cent. Have investors returned from the holiday break a little more circumspect, a little more concerned about what lies ahead for 2005?

There is, of course, plenty to worry about. War, terrorism, unstable oil prices, an on-again/off-again recovery in the job market, sluggish growth in Europe, the tenuous recovery in Japan and the risks that come with China's rise as a major economy all continue to represent significant risks to the outlook. More recently, the twin deficits in the U.S. and the currency volatility they contributed to have also muddied the water.

We recognize that the outlook seems a little murky going into 2005, but after 25 years in the investment business, I can say that every new year brings new concerns. Too much focus on challenges to the global economy has left many on the outside, looking in at what has been a rewarding period for investors since the fall of 2002. Excessive risk aversion is perhaps the legacy of the tech wreck, corporate scandals and recession that sapped investor confidence through the early years of this decade.

As it was at the beginning of 2003 and also at the start of 2004, our own view is constructive, at least with respect to the economy and stock prices. Not so, though, for fixed income markets where valuations are simply inconsistent with what we consider to be a balanced view of the outlook for growth and inflation as this business cycle matures.

Let me start with the broad contours of our current forecast.

Growth

The North American economy is settling into a sustainable, low inflation pace of growth. The economy is slowing, not buckling, and the moderation results from well planned and executed policy initiatives, not shocks. After averaging a 4.0-per-cent pace through 2004, we expect U.S. growth to move down to the 3-per-cent level for 2005.

In Europe, the economy's pulse remains weak, but late-2005 should show a slight quickening. For the full year, though, growth is unlikely to move above the 2004 average of 2 per cent.

Japan's growth has been volatile, centering on a 4.2-per-cent rate through the past four quarters but with spikes as high as 5.1 per cent and a weak finish to the year. This should not obscure the fact that the economy is finally showing the necessary pre-conditions for a sustained climb out of stagnation and deflation. For 2005, we look for a mild softening to the 2.5-per-cent level.

Inflation

Inflation risks appear less evenly balanced as the business cycle enters its fourth year of recovery/expansion. In North America, we expect little movement in core CPI above its 2.5-per-cent average for 2004, but upside risk cannot be ignored.

After averaging about 2.0 per cent through 2004, European inflation should slip to the 1.8-per-cent level as oil prices moderate and as growth remains sluggish.

In Japan, we expect the end of deflation in 2005 after a decline in consumer prices of about 0.2 per cent in 2004.

From here, inflationary pressures will receive even more of central bankers' attention as the last recession slips further into history and the pressures of a maturing business cycle are surfaced.

Currency Markets

Volatile currency markets have introduced an additional element of uncertainty through the past several quarters with the U.S. dollar now 14 per cent below its May 2004 peak, the euro up 12 per cent over the same period and the yen rising 10 per cent. With sentiment so negative toward the dollar as 2004 drew to a close, its recent rally is hardly a surprise, but the twin deficits in the U.S. continue to flag the dollar's vulnerability.

Over the year ahead, we look for further appreciation in the euro to the 1.38 level (currently at 1.33), a rise in the yen to 95 from its current rate of 104, a settling of sterling to 1.93 and a more muted climb in the Canadian dollar to 1.15 (inverse 0.87) from its current level of 1.23 (inverse 0.81).

The Canadian dollar deserves special attention. The speed of its climb—up 37 per cent from its 2001 low—took virtually everyone by surprise, and it has clearly had some impact on recent growth and the near-term outlook for the economy. But while the intensity of the advance is awesome, the fact that it has recovered should surprise no one. The Canadian dollar was deeply undervalued through most of the last decade and has simply been restored to its equilibrium level.

A little history is helpful here. Between the late 1980s and the late 1990s, the Canadian dollar fell despite progressive improvement in its fundamental underpinnings. First, the establishment of price stability with the Bank of Canada adopting firm targets for inflation was ignored, even though it resulted in Canada achieving the optimal inflation record of the G7 nations. Then the opening of trade and our success in gaining market share in the U.S., lifting trade from 25 per cent to 45 per cent of our GDP and increasing its value-added component at the same time appeared to have no impact on traders. And perhaps most impressively, the country's swing from deficit to surplus—a surplus that continues today as most nations struggle with a return to deficit spending—was glossed over by markets.

As unpopular as the statistic became, we have always viewed estimates of purchasing power parity (PPP) useful as a first step in gauging a currency's risk. For the Canadian dollar, PPP has been pegged in a range of US$0.80–0.85 for almost a decade. So why the long-lasting fall in the dollar? Because about one-third of the currency's movement is driven by the value of commodities, and Canada has almost no impact on that. The depression in raw materials' prices that began in the early 1980s masked improvement in domestic economic fundamentals.

Our view had always been that, should commodity prices ever stop falling, Canada's improving fundamentals would no longer be obscured, and the Canadian dollar would begin to reflect its true value. In the event, commodity prices not only stopped falling, but abruptly reversed and soared in 2003 and 2004, forcing the currency's adjustment into a very short period. The Canadian dollar is now fairly valued, so a lot of its buoyancy has probably been released. Nevertheless, we recognize that symmetry exists in the global foreign exchange market with currencies tending to move as far above fair value in their rally phase as they weakened during the preceding bear. This means that, at some point in the current cycle, prices above US$0.90 are a definite possibility.

Short-Term Interest Rates

Central bankers are only part way through adjusting short-term interest rates from historically stimulative positions to "neutral" levels typical of self-sustaining business cycle expansions. With growth pressures easing in North America and outside the U.K., not yet in evidence elsewhere, monetary authorities may have the luxury of stretching the cycle over an unusually long period, but the direction of rate movements and their ultimate levels are clear. We still expect a 3-per-cent fed funds rate by next Christmas, up from 2 per cent currently, although we recognize that the fed may choose to slow the pace of rate hikes if inflation remains calm. In Europe and Japan, whatever rate adjustments lie ahead are likely to be mild and late in the forecast horizon.

For Canada, where the firm dollar has already delivered an element of monetary tightening, we look for 91-day T-bill rates of 3.25 per cent, about 75 basis points above current levels.

Long-Bond Yields

We remain concerned that in every economy outside the U.K., fixed income markets are significantly overvalued. The decline in risk aversion that comes with a maturing economic expansion and the pressure of rising short-term interest rates will weigh heavily on bond prices, enough we think to move 10-year T-bond yields up almost 100 basis points from their current position. Canadian, Eurozone and Japanese bonds are also likely to sustain losses over the year ahead, although of a somewhat smaller scale.

The wide spread that existed between 10-year U.S. and Canadian yields as this cycle began has now all but disappeared, leaving Canada bonds much more exposed to yield movements south of the border. Now at about 4.3 per cent, we expect a move up to the 5.15-per-cent level over the coming 12 months and a resulting total return of –2 per cent.

For fixed income investors, earning suitable yields will probably require moving beyond traditional government debt. Investment grade bonds, high yield credits and even emerging market debt all offer significantly higher yields, but come with varying degrees of additional risk. They must be analyzed in the same fashion as equities and are difficult to source and trade in the size that most individual investors require. Nevertheless, these bonds deserve consideration, as their returns tend to track the profit cycle where the outlook remains positive. In simple terms, our upbeat forecast for growth suggests another good year lies ahead for corporate credit markets.

The forecasting business is tough. The economy is complex and full of moving parts, some of which are offsetting and some of which are not. Those of us, who have survived the inevitable bumps and shocks that expose whatever weakness exists in the most logical of views, have learned a very simple principle. There are two elements in any forecast: target and time. We need to offer a view on what level we expect for the economy or markets and also when those levels will be achieved. Longevity as a forecaster means never expressing the two elements in the same sentence. You have asked for both, and so I am exposed! Good luck with your investing through 2005.

Introduction by William Whittaker

Our final speaker is Jeffrey Rubin, Chief Economist, Chief Strategist and Managing Director of CIBC World Markets. Mr. Rubin has been one of the top-ranked economists in Canadian financial markets over the last decade. From 1992 to last year, Mr. Rubin, as Chief Economist, was responsible for economic research at CIBC World Markets both in Canada and in the United States. This year, Mr. Rubin also became the firm's Chief Strategist with the transfer of portfolio equity strategy to the Economics Department.

Mr. Rubin first caught the attention of financial markets in 1989 with his now-famous call for a 25-per-cent decline in Toronto real estate prices. He writes a national column for the Globe and Mail, "Ahead of the Curve," and frequently appears as a network commentator on federal budgets. Mr. Rubin.

Jeffrey Rubin

Thank you very much. I must confess that I probably disagree with everything I've heard so far today, but unfortunately don't have the time to rebut it.

I'm here to talk about the Canadian equity markets and I'm bullish on Canadian equities in 2005. Here's why.

There are two fundamental challenges facing the Toronto Stock Exchange (TSX) this year. The first challenge is from interest rates; the second challenge is from the exchange rate. Fortunately both are likely to turn out to be paper tigers, permitting the TSX to march to 10,000 by the year end and in the process yield a total rate of return of about 10 per cent. While that won't match last year's 14.5-per-cent return, it is sure going to beat holding cash.

The first pleasant surprise with the Canadian equity market this year will be the Canadian dollar. While global disenchantment with the U.S. dollar and the U.S. twin deficits has pushed the loonie above 80 cents, a stumbling Canadian economy is going to bring it back to the ground. By year end the Canadian dollar should be trading in the mid-70-cent range undoing much of the recent damage that the exchange rate has imposed on earnings growth.

The loonie faces a potentially larger decline against the euro which should continue to set new highs at the expense of the U.S. dollar in 2005. With trade exposure a tenth of Canada's, the European Central Bank's tolerance for currency appreciation is a lot greater than that of our banks. With the euro at least likely to hit 140, 145, Canadian forestry stocks could benefit from as much as a double-digit decline in the Canadian dollar against the euro.

Why won't the loonie continue to rise along the euro's coattails?

I guess the answer to that lies with what the Canadian dollar is. It is not a barometer of commodity prices; it is not an input into an economic forecast model. It is first and foremost a financial instrument and that instrument is driven by the relationship between Canada and U.S. interest rates. And that brings me to the second pleasant surprise for the TSX in 2005.

While there is little to suggest that the Federal Reserve Board has completed its tightening program, there is much to suggest that the Bank of Canada has. As we are already seeing from the growing toll of manufacturing job losses, some 50,000 over the last four months, and the economy coming to a virtual standstill in October, the Canadian economy does not work at 82 cents; it doesn't work at 81 cents; it doesn't work at 80 cents.

The appreciation of the Canadian dollar is going to provide all the braking power and even more braking power than the intended increases in interest rates, which the Bank of Canada so boldly advertised. No longer is the governor of the Bank of Canada talking about the need for higher interest rates. He may soon be talking about the need for lower interest rates.

Interest rate spreads, which have been supportive of the Canadian dollar's 30-per-cent appreciation over the last two years, are about to turn negative. And the only people I know who hold Canadian dollars at negative spreads to the U.S. are economists and there aren't enough of them to support the currency.

With some 40 per cent of the TSX in yield-sensitive stocks, the sudden disappearance of rate risk removes the single-largest obstacle to TSX performance. Not only will Canadian short-term interest rates not rise this year, they could well fall. Long Canadian bonds will certainly fall. With today's yield curve as steep as it is, simply the failure of the Bank of Canada to raise interest rates in 2005, after advertising that it had had hundreds of basis points of rate hikes to do, should resolve in at least another 30 to 50 basis points decline in long bond yields.

Even in the U.S. Treasury market, where the fed is still tightening and likely to continue, yields are falling, not rising. It may be of interest to bond market bearers to note that far from a mass exodus from the Treasury market a weakening greenback has spurred greater Central Bank buying of long treasuries, as central banks in China and Japan have to wrap up their buying programs to keep their own currencies in check. Such is not an act of generosity to U.S. taxpayers; such is an act of economic self-interest. But until the economies of China and Japan are willing to tolerate significant currency appreciation, they are tied buyers to the long end of the Treasury market and who knows at a euro of 140, 145, the European Central Bank may also be showing up at the Treasury auctions.

The stockmarket, and in particular dividend paying stocks, will continue to be a major beneficiary of declining interest rates as of course will the long bonds. With long bond yields now barely above the dividend yields in sectors like telecommunications, banks and utilities, the allure of dividends has never been more attractive. A 15-per-cent rise in dividends last year saw dividend-paying stocks on the TSX outperform non-paying ones by a ratio of four to one. With dividend payout ratios still low by historic standards and ample free cash, similar dividend growth this year should see dividend payers outperform non-dividend stocks by a comparable margin.

Last year our strategy portfolio outperformed the TSX by 70 basis points, largely on the basis of a heavy overweight in the oil and gas sector. After a nearly 30-per-cent rise in valuations in that sector, some might argue that now is the time to sell. If indeed last year's spike in crude prices was simply a cyclical blip, they would probably be right. But if instead the rise in crude prices reflected a secular shift in global energy demand this is no time to sell, particularly if we are getting close to a peak in conventional crude production.

Admittedly I don't know if crude prices will match our forecast of $50 for 2005. It has averaged about $48 over the last 60 trading days. But I do know, that barring a sudden global recession, the energy market is not going to be any materially slacker this year than it was last year or for that matter in 2006 or 2007.

While the energy intensity of G7 economies has fallen markedly, the same cannot be said of the rapidly industrializing economies like China. And it is precisely these energy-inefficient economies that global production is stampeding to. Globalization, by that I mean the mass export of jobs and production from high-wage countries to low-wage countries, is a very energy-intensive process. While such movements are driven by desire to arbitrage huge differences in global wage rates, they have the effect of moving production from energy-efficient economies to energy-inefficient ones. That's why global crude demand grew at over three times its 25-year average last year with

China single-handedly accounting for 40 per cent of the growth. China has already surpassed Japan as the second-largest oil-consuming economy in the world. The sudden acceleration in crude demand witnessed over the last couple of years is not a cyclical blip but a structural shift driven in large measure by globalization.

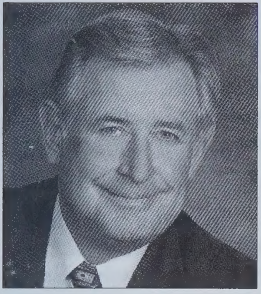
Throughout the last four years, the oil and gas valuations have consistently trailed cash flow as investors continue to value energy stocks according to a make-believe world of $25 oil. Even so, the sector's capitalization has doubled to a 20-per-cent share of the TSX over the last four years. A world of $50 oil points to another 15 to 20-per-cent upside in oil and gas stock valuations.

While the 10-per-cent return from the TSX should beat bonds, although not necessarily the return from long bonds, the greatest beneficiary of falling interest rates is not the equity market but rather the income trust market. This year we are including income trusts in our strategy benchmark reflecting the reality of an over $100-billion-plus market. Returns from the CIBC World Markets Income Trust Index last year was 28 per cent, double the total return from the TSX composite. Trusts should once again lead the path in terms of asset returns this year.

Broad-scale exposure to declining long-term interest rates either through dividend yielding stocks, income trusts, or long-duration bonds should be the key to one's investment strategy for 2005. Add to that a healthy dose of skepticism about future oil supplies and investors should have another good shot at a double-digit return.

Thank you very much.

The appreciation of the meeting was expressed by Margaret M. Samuel, CFA, Director, The Empire Club of Canada.



January 12, 2005

The Hon. Ralph Klein

Premier, Province of Alberta

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Roxanna Benoit, President and CEO, Canadian Investor Relations Institute and Director, The Empire Club of Canada; Juliene Hwang, Grade 12 Student, North Toronto Collegiate Institute; Rabbi Perry Cohen, Facilitator, Teacher and Author; Andrew Coyne, Columnist, National Post; Finn Greflund, Vice-President, Toronto, TransCanada Energy Ltd.; Alister Campbell, Senior Vice-President, ING Marketing and Communications; John S. Burns, Partner, Gowling, Lafleur Henderson LLP; Robert Dechert, Partner, Gowling, Lafleur Henderson LLP and Past President, The Empire Club of Canada; Michael Coates, President and CEO, Hill & Knowlton Canada Inc.; Russell Williams, President, Rx&D Canada; Stanley Hartt, Chairman, Citigroup Global Markets Canada Inc.; and Michael Sabia, President and CEO, BCE Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the sixth premier in our very special Premiers Speakers Series that continues throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow. To articulate what they see as the major challenges and opportunities for our country in the next decade.

At the outset of this series, we asked Ipsos-Reid, the national polling and research firm, to check the pulse of the nation about the future.

The results show a strong and clear trend.

The number-one concern 10 years from now out of the 14 areas of concern we had tested will be services for the elderly and their specific home and health-care needs. That's followed by such issues as family health care, waste disposal, energy and a clean environment.

To see and download the full study, please visit our Web site at www.empireclub.org.

So far, we've had five premiers bring five very different kinds of messages. Each one of them has been articulate and interesting, as is the wont of premiers.

Today, we have the pleasure of welcoming the Honourable Ralph Klein, the longest-serving premier in Canada. And I have no doubt he will continue the trend of this series.

And I must note that this first-of-its-kind series has been made possible because Bell Canada shared our excitement and belief that we are making some Canadian history, and agreed to be the sole sponsor.

That's why we asked Michael Sabia, BCE's President and Chief Executive Officer and CEO of Bell Canada, if he would come to one of our luncheons.

And now I am going to ask Mr. Sabia to be good enough to introduce our guest speaker.

Michael Sabia introduced the Hon. Ralph Klein.

Ralph Klein

Thank you Michael for that very kind introduction. I was pleased to learn that Michael Sabia of Bell Canada would be introducing me this afternoon. You should know that Bell Canada is the Government of Alberta's private-sector partner in building "Alberta Supernet"—a high-speed, high-capacity broadband network linking all government offices, schools, health-care facilities, libraries, and over 400 cities, towns and smaller communities.

It is an exciting project to make Alberta the most connected jurisdiction in North America, and we are proud to have Montreal-based Bell as our partner.

It is always a pleasure to visit Toronto and the Empire Club, Canada's oldest and largest speakers' forum, and I thank you for hosting this event. As always, I commend the Empire Club for its ongoing commitment to dialogue about important issues and, in particular, for the opportunity it has offered many of Canada's premiers to speak about the common challenges we face.

Because even though it's a big country, you find a lot of the same challenges wherever you go. From B.C. to Nova Scotia, and from Newfoundland to Yukon, and yes, from Ontario to Alberta, all jurisdictions are struggling with issues like health care, access to post-secondary education, and the problems facing our large cities.

No one has all the answers to these issues. All we can do is try to work together, learn from each other, and support each other as we try to resolve them.

And before I go any further, I would also like to take this opportunity to personally thank the people of Ontario for their strong, continuing support of Western Canada, and especially Alberta.

It was here in Ontario that the "Hay West" program started a few years ago, when western farmers faced drought and feed shortages, and Ontario farmers stepped in to help.

That hand of friendship was extended once again when the BSE or "mad cow" crisis struck. I'll never forget being here in Toronto for the Rolling Stones concert during the SARS scare, when so many Ontarians came up to tell me how much they love Alberta beef. The people of this province stood by Albertans during a very tough time, and for that, I thank you.

Today, obviously, my focus will be on Alberta, a place of tremendous pride for its citizens. That "pride of place" for Albertans is even more evident in 2005—Alberta's centennial year.

Over its 100 years, Alberta has grown from being a small corner of the Northwest Territories into a proud and prosperous province. It's a true Canadian success story.

That story was written by the homesteaders of a century ago, many of whom came from Ontario. It was written by the Alberta families who suffered so much during the Great Depression, and who lost loved ones in the two Great Wars of the last century; by the farmers and ranchers who broke the land in the South, and the miners and foresters of the North; by the merchants who built the small towns and the business people in the office towers of our large cities.

Like Ontario, Alberta is a million stories, told one at a time.

Today, I'd like to tell you about how Alberta is changing, and about the next chapter in the Alberta story, a chapter I call "the next Alberta."

I often think that Alberta is misunderstood by other Canadians; and that the province's prosperity is envied instead of celebrated for the benefits it brings to every member of this country.

There are a lot of myths about Alberta out there, some of which I hope to clear up today. I'll begin with some fiscal myths.

Most of you are familiar with the steps Alberta took in the 1990s to eliminate deficits. Actually, it started with just one major step; we made deficits illegal.

Then we worked hard to get them off our books.

With that done, we set out to honour our government's pledge to keep Alberta's taxes the lowest in the country. In fact, it was said that former Ontario premier Mike

Harris and I were in a "race to the bottom" to see which province could lower its taxes the most.

When you consider the overall tax burden now, I'd say Alberta won, but Ontario put up a good fight and if Premier McGuinty wants to take up the challenge again, I'm up for it.

Then, with our deficits eliminated and our taxes on the way down, our government focused on what Albertans said was their next priority—tackling a provincial debt that stood at nearly $23 billion in 1993, and that's with revenues of only $14 billion.

As you may know, when Alberta's budget is tabled this spring, we will finish that job, right down to the last penny. Alberta will be debt-free.

The money we spent getting rid of the debt was money we could have spent on other things if we'd just made minimum payments and strung them out over 25 years. But Albertans were firm and they gave our government clear marching orders. They said: "Pay it off as fast as you can. Get it behind us so the next generation of Albertans isn't burdened with the debt we ran up." And so we did.

And let me put to rest the myth that paying off the debt was easy, and that any province could have done it if they'd had Alberta's oil and gas revenues. I know there are some people in Canada who think energy revenues make up 50 or 60 per cent or more of Alberta's income. They think the streets are paved with oil and it solves all our problems.

The fact is that revenue from oil and gas in Alberta makes up less than 29 per cent of provincial revenues. That's still significant, and yes, it did help us tackle the debt, but it's not the whole story.

A larger factor was tax revenues that kept going up, even as tax rates were going down. Indeed, in an expanding economy, the province's low taxes created amazing new revenues, far more than what Alberta gets from oil and gas today.

It was that expanding economy—as much as it was energy revenues—that put Alberta ahead of schedule for debt repayment, and I'm proud of that.

The next Alberta will continue to rely on the economic and fiscal policies that have served the province so well: no deficits, no debt, low taxes, economic stability, and the constant elimination of red tape and regulation, which together have attracted tremendous private-sector investment.

This private-sector investment has created jobs in every sector you can name, and in every part of our province, and those jobs are being filled not just by Albertans, but by people from every part of Canada.

And let me share with you another reminder of how the province's prosperity, which is envied by some, is shared by all. Canada's equalization program is the most comprehensive and generous in the world, and Alberta is a proud net contributor to Canada. The people of Ontario know what I'm talking about, because you too are significant net contributors.

Last year, through things like the GST, personal and corporate taxes and fuel taxes, Albertans contributed $25.6 billion of total tax revenue to Ottawa. Of that, it received back about $16 billion in federal services. That means, of course, that $9 billion in taxes collected in Alberta were distributed to so-called have-not provinces.

In the past 20 years, the province's total net contribution to the federal government was $63 billion. That is money generated in Alberta, but sent to Ottawa for federal programs, including equalization, so that all Canadians have "reasonably comparable public services."

You know, Canadians like to talk about our health-care system—despite its shortcomings—as an example to the world. But in my opinion, this nation's equalization system—the way we share wealth among all citizens—is equally amazing. And Alberta is proud to be a part of that system.

Albertans recognize that a strong economy and the prosperity it creates aren't ends in themselves. They are simply the means to create the kind of life we want. "The next Alberta" isn't just about the economy. In fact, it's not really about the economy at all; it's about people.

The whole point of putting Alberta's fiscal house in order and paying off the debt was to make the province a better place for people, especially for children. We want our kids to have a better start, and a better life, than we had. That's what every parent wants.

That's why my government's number-one goal is to make sure that the Alberta our children and grandchildren inherit is just as good, or even better, than the Alberta we have today.

And what is the Alberta of today? The image many people have of today's Alberta is one of two major cities surrounded by a whole lot of cowboys, roughnecks, horses, pick-up trucks and pump jacks. Those things are a big part of Alberta, to be sure, and we're proud of our western heritage. But there's much more to the province, and it's changing all the time.

For starters, Alberta is growing, and growing faster than many people realize. In 1995, the population of Alberta was 2.7 million. Today, it is 3.2 million; that's the fastest-growing population in Canada.

Each year, a population nearly the size of the city of Niagara Falls moves to Alberta, seeking jobs, education and opportunity. And let me tell you, we welcome those people with open arms—and all the skills and energy and dreams they bring with them.

But with growth comes growth pressures. As the Mayor of Calgary likes to say, when people come to Alberta, they bring their kids and their cars with them, but not their schools, and hospitals and interchanges. Nonetheless, let me assure you the entire province is working hard to respond to the challenge of growth; it's a nice problem to have.

In addition to population growth, Alberta is also experiencing urbanization. While the province still has a strong rural backbone, some 80 per cent of Albertans now live in urban areas. The population is increasingly cosmopolitan, and it's one of the youngest, most skilled, and most highly educated in Canada.

Alberta's economy is also changing. Agriculture and energy are still the economic foundations for the province, but they're not the same industries they were even a decade ago.

In energy, for example, the days are long gone when Alberta just shipped oil and gas down the pipeline. The province is now a major source of feedstock for thriving petrochemical industries across Canada, including here in Ontario.

The potential of future developments in this area is tremendous with the prospect of a northern gas pipeline from the McKenzie delta in the Northwest Territories coming down through the Alberta hub to serve all of North America.

Then there are the oil sands, which are already a million-barrel-per-day operation, with reserves second only to those of Saudi Arabia. We have 175 billion barrels in proven reserves and it's estimated that 315 billion barrels of oil are potentially recoverable in the oil sands.

Since 1996, oil sands production has almost doubled, and it's expected to double again by 2010. Some $67 billion in capital investment has been announced from 1996 going forward to 2012. Many of those investment dollars will come from here in Ontario and other parts of Canada outside Alberta. Fully, 31 per cent of employment benefits will flow to Ontario.

The oil sands represent a unique opportunity for Canada to play a greater role as an energy supplier to the U.S. Alberta will work hard to ensure that the full potential of this opportunity is realized.

In fact, in late March Alberta is opening an office in Washington D.C., in part to promote Alberta as a key partner in the U.S. continental energy strategy.

More importantly, the oil sands represent a secure energy future for this entire nation. With turmoil and rapidly depleting energy reserves in other parts of the world, the oil sands are a massive, reliable, and secure energy source for all Canadians.

But Alberta's economy is no longer a one-trick pony, and "the next Alberta" is about much more than this traditional economic pillar.

Over the last decade or so, a new image of Alberta has emerged. It's an image of high-tech innovation, medical breakthroughs, small-business prosperity, and diversity of opportunity. As a province, Alberta has come a long way from the days 100 years ago, when the federal government attracted settlers by advertising free homesteads of 160 acres for a $10 entry fee.

To keep the momentum going, we need to keep diversifying. The government is looking at ways to further foster the development of knowledge-based industries by improving access to venture capital and equity capital.

And we are creating competitive tax strategies that support research and development, improve global market access, and attract new investment. Translated, those three goals mean jobs, jobs, jobs.

One of the most critical elements to continued economic diversification is developing a skilled, educated and flexible work force. This means investing in knowledge and lifelong learning.

My government has made strengthening Alberta's post-secondary education system its top priority for this centennial year. This investment will benefit Albertans—and all Canadians—for years and years to come.

One of the areas we'll be focusing on is apprenticeships. Even though Alberta accounts for only 10 per cent of Canada's population, the province trains 20 per cent of the nation's apprentices. And that's still not enough. We will need to do more to make sure Alberta has the learning opportunities it needs to help create a work force that will sustain economic growth and prosperity.

Another area my government will be focusing on is health care. Like all provinces, Alberta needs to balance the current and growing health-care demand with what we know will be tremendous pressures.

Believe me, ladies and gentlemen, if money was the answer to health reform, we would have solved the problem a long time ago.

The answer, I believe, is the "third way" I talked about in Calgary yesterday. It's a middle ground between a public system that is all things to all people, and an American-style system where how much money you have determines how much treatment you get, or whether you get any treatment at all.

Alberta is going to pioneer a "third way" of delivering health care where all Albertans will get the care they need, when they need it, in a way that won't bankrupt the system.

I raise these examples to illustrate my earlier point about ends and means. Having the ability to build strong social programs like post-secondary education and health care is what a strong economy is all about. That's why Alberta took the steps it did to put its fiscal house in order, so that the "people programs" that matter will be there for the next generation of Albertans.

I want to say a few words about the role this next generation of Albertans will play in Canada.

The Province of Ontario, like Quebec, has always been among the strongest in Confederation. After all, you had a 38-year head start, while provinces like mine that are relative "latecomers" to the Canadian family have always had to elbow our way to the table. And that's fine; we've got big elbows.

But it's no secret that Alberta has often found itself at odds with Ottawa. I want to point out, though, that Alberta's disputes have always been with the federal government—never with our fellow Canadians. The overwhelming majority of Albertans—and I count myself very much among them—are committed Canadians.

The people of my province are proud to be Canadian and they want to do their part to preserve and strengthen this nation. And I believe there is a bigger role for Alberta to play now than it has played in the past.

Alberta has a lot to offer Canada—a lot more than great beef, oil, and the rocky mountains. As Alberta prospers, so does all of Canada. And make no mistake: "the next Alberta" is part of the Canadian mainstream, and is proud to contribute to this nation's success at home and abroad.

Ladies and gentlemen, let me conclude by saying that Alberta has come of age economically, socially, and culturally.

But Canada is a big country, which is both a strength and a weakness. Our size, scope, and open spaces are an important part of our identity as Canadians. But in a big country, stereotypes can also develop. Sometimes we think we know each other when we don't.

When Alberta announced last summer that it was on the verge of paying off its debt, I think it contributed to the myth that Alberta is a rich place consumed only with the bottom line. My purpose today—and in Ottawa tomorrow and Montreal on Friday—is to dispel that myth.

The next Alberta—the real Alberta—is a place that has gone from being a remote, sparsely-populated territory to becoming a powerful province that wants to be a stronger partner in a stronger Canada.

It's a place that took an abundance of natural resources and human capital, and bound them together to bring about unique prosperity.

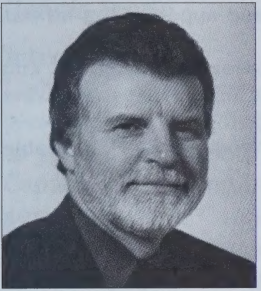
It's a place where that prosperity is used to improve lives, both within the province and across the country.

And it's a province that's celebrating its centennial year, so I invite you to come and see the next Alberta for yourselves.

Thank you.

The appreciation of the meeting was expressed by Robert Dechert, Partner, Gowling, Lafleur Henderson LLP and Past President, The Empire Club of Canada.

The Hon. Ralph Klein, MLA, Premier of Alberta and Michael Sabia, President and CEO, BCE Inc.



January 14, 2005

The Hon. Dennis Fentie

Premier, Yukon Territory

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

John C. Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada; Sonja Pavic, Grade 12 Student, North Toronto Collegiate Institute; Charles S. Coffey, Executive Vice-President, Government Affairs, RBC Financial Group and 3rd Vice-President The Empire Club of Canada; Paul Flaherty, President and Chief CEO, Northwestel; The Rt. Rev. Colin Johnson, Bishop, Anglican Diocese of Toronto; Catherine Swift, President and CEO and Chair of the Board, Canadian Federation of Independent Business and Director, The Empire Club of Canada; John Carruthers, Vice-President, Gas Development, Enbridge Pipelines Inc.; and Terry Mosey, Vice-President, Bell Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the seventh premier in our very special Premiers Speakers Series that continues throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow. To articulate what they see as the major challenges and opportunities for our country in the next decade.

And to experience all our premier presentations so far, and through to June, just go to www.empireclub.org and watch what they've had to say and will be saying.

Today, we have the pleasure of welcoming the Honourable Dennis Fentie, Premier of the Yukon.

The Yukon.

Wow.

The Yukon.

Maybe...no, probably...it's a sign of my advancing age, but I so clearly remember as a kid listening on my radio to Sergeant Preston of the Yukon. Anyone here old enough to remember?

Sergeant Preston. With his faithful sidekick Husky, called Yukon King. Wow.

Glued to the radio, latching on to every word, for me it was such a magical, mysterious, wondrous time and place.

The Yukon.

Made so close and real on the radio and by authors like Jack London.

The Yukon of then and of now is a very different place. The land is still just as wide and pretty much open. The weather is still just as bitter during the long and dark winters. The people are still just as strong and keen.

The difference is that the Yukon is coming of age. Charging to meet its destiny. And the 2007 Winter Games in Whitehorse is just one visible and symbolic testament to the Yukon's drive toward a new and bold future.

And leading the way is the leader of the Yukon Party and premier of this vast and rich territory—our guest speaker today.

Born in Edmonton in 1950, his family moved to the Yukon when Dennis Fentie was all of a dozen years old. In his new home town of Watson Lake, the future premier played hockey and baseball, coached minor league hockey, and then moved on to become involved in myriad business endeavours until the challenge of elected office captured his attention and focus.

Premier Fentie won his first election to the Yukon Legislative Assembly in 1996. He was re-elected in 2000 and again in 2002, the same year he captured his party's leadership.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada, the Premier of the Yukon, the Honourable Dennis Fentie.

Dennis Fentie

Introduction

Ladies and gentlemen, distinguished guests, it is indeed a pleasure and a privilege to have this opportunity to speak to you this afternoon. I want to thank the Empire Club of Canada for inviting me to participate in this "Premier" series wherein Canada's First Ministers address the theme of "My Canada—Today and Tomorrow."

This afternoon I will be giving you the Yukon perspective on this theme by addressing the Yukon's developmental history and focusing in particular on two strategic Yukon/Alaska infrastructure projects:

- the Alaska Highway Natural Gas Pipeline; and
- the Alaska/Yukon (Canada) Railway proposal.

Should these two major infrastructure projects come to pass, they will have a dramatic and profound impact on both the Yukon and Canada, the like of which very few Canadians can imagine.

Canada today is perceived as a country stretching from the Atlantic to the Pacific, capping the lower 48 of the United States. Should these two major developments come to pass, this very perception of Canada as a nation will change.

These two strategic infrastructure projects have the potential to determine Yukon's future as well as redefine Canada's position and participation in the global economy.

Northern Strategy—Northern Vision

The Fathers of Confederation envisioned a Canada extending from sea to sea, from the Atlantic Ocean in the East to the Pacific Ocean in the West. Canada's first prime minister, Sir John A. MacDonald, saw a Canada from east to west.

In 1871, Canada, a tiny infant nation just four years old with less than four million people determined that it would build the world's largest railroad across a vast, unforgiving and uncharted landscape. In the four years between 1881 and 1885 Canada was forged into one nation by the building of the Canadian Pacific Railway.

Yukon's paramount author Pierre Berton in "The National Dream" and its sequel "The Last Spike" chronicled the story of how the building of some 2,000 miles of track bound a fledgling nation together with a ribbon of steel.

The building of the CPR was a major infrastructure project that defined Canada as a nation and shaped the perception of Canada as a nation extending from east to west. It in fact ensured that Canada would grow all the way to the Pacific Coast.

The Right Honourable John George Diefenbaker envisioned a new Canada, a Canada of the North.

We believe that with the coming of age of the three northern territories, climate change and the developing territorial economies, Canadians' perception of our country will change once again. Canada will be perceived as extending from sea to sea to sea with the Arctic Ocean and Beaufort Sea defining Canada's northern boundary.

The current Government of Canada is cognizant of this changing perception of Canada's North and the role the three northern territories will play in the future development of Canada.

In the Speech from the Throne issued on October 5, 2004, to the First Session of the Parliament of Canada, the Government of Canada indicates it "will develop, in cooperation with its territorial partners, Aboriginal people and other northern residents, the first-ever comprehensive strategy for the North."

The Throne Speech goes on to state: "The Northern Strategy will foster sustainable economic and human development; protect the northern environment and Canada's sovereignty and security; and promote co-operation with the National Circumpolar community."

On December 14, 2004, Prime Minister Martin, Premier Handley of the NWT, Premier Okalik of Nunavut and I announced a framework for the development of this new northern strategy that will launch a new era of development and transformation in the North.

It is my contention that just as the building of the CPR defined Canada as a nation extending from east to west, the construction of the Alaska Highway Natural Gas Pipeline and the Alaska/Yukon Railway Project will define Canada as a nation extending from north to south.

We believe in future years the focus of southern Canadians will become more and more fixed north of the 60th parallel.

Yukon's Developmental History

I want to tell you a little about the Yukon and its developmental history in order to give you a better understanding of what projects like the Alaska Highway Natural Gas Pipeline and the Alaska/Yukon Railway Project can mean to us in the North.

The Yukon is relatively small in terms of land area standing at 186,000 square miles and is even smaller when it comes to population. Currently, there are only 31,000 Yukoner residents, approximately 25 per cent of which are of Aboriginal ancestry. But it is a land rich in resources with great potential and opportunity.

Despite our small population and land area, the Yukon throughout its history has grown accustomed to big events. The first major event occurred in 1898 with the world famous Klondike Gold Rush.

Between 1897 and 1899, an estimated 100,000 "Cheechakos" poured north to stake their placer claims in the rich Klondike gold fields. If you survived a year, you became a "Sourdough."

By 1898, Dawson City ranked as the largest Canadian city west of Winnipeg, Manitoba. Estimates were that

30,000 people lived in Dawson City with a further 30,000 working the diggings in the surrounding gold fields.

As you can see, over 100 years later the Yukon has only reached the halfway mark of its gold rush population. You can well imagine the tremendous impact of that massive influx of people from the South on the land and on the Yukon's indigenous First Nation Aboriginal population.

The Klondike Gold Rush also helped to define Yukon's transportation infrastructure for more than 100 years. The White Pass and Yukon Route Railroad is still operating today. It was constructed in only 26 months and was literally blasted through the coastal mountains, climbing almost 3,000 feet in just 20 miles.

This 110 mile-narrow gauge railroad is recognized as an international historic civil engineering landmark, a designation shared with the Panama Canal, the Eiffel Tower and the Statue of Liberty—distinguished company indeed.

The White Pass and Yukon Route was completed with the driving of the Golden Spike on July 29, 1900 at Carcross, Yukon, connecting the deep-water port of Skagway to Whitehorse, Yukon.

The White Pass and Yukon Route became a fully integrated transportation company operating docks, trains, stage-coaches, sleighs, buses, paddle wheelers, trucks, ships, airplanes, hotels and pipelines. It provided the essential infrastructure servicing the freight and passenger needs of Yukon's population and mining industry. It was the White Pass and Yukon Route that pioneered the inter-modal (ship-train-truck) movement of containers that are in common use today.

The White Pass and Yukon Route suspended operations in 1982 when Yukon's mining industry collapsed due to low mineral prices but reopened in 1988 as a seasonal tourism operation.

Today, the tourism train operation has been so successful it has become Alaska's most popular shore excursion carrying over 400,000 passengers from May to September in 2004, operating on the first 40 miles of the line. Plans are now in place to extend service to Carcross, Yukon and ultimately to Whitehorse, Yukon's capital city itself.

The White Pass and Yukon Route also played a key role in the second major event that forever changed the map of Yukon.

The second major event commenced with the announcement on February 11, 1942, by President Franklin D. Roosevelt, authorizing the construction of the Alaska Highway as a military necessity for the joint defence of Canada and the United States at the outset of World War II.

Just nine months later, the entire length of the road, more than 1,500 miles long was passable through dense forests, across soggy muskeg and over roaring rivers. What a remarkable achievement by the United States Army Corps of Engineers!

Once again the Yukon had experienced a massive influx of people, and though the period of construction was very brief, the building of the Alaska Highway has since had a profound impact on the territory; one equivalent to, if not greater than, the Klondike Gold Rush. Once again Yukon's First Nation Aboriginal people experienced the brunt of this impact, without enjoying many of the benefits.

This brings us to today.

The Yukon is potentially facing the development of two more major events, namely, the construction of the Alaska Highway Natural Gas Pipeline and the proposal to construct the Alaska/Yukon Railroad, connecting railroads in Alaska, through Yukon, to railroads in the South.

The Alaska Highway Natural Gas Pipeline

The Alaska Highway Natural Gas Pipeline has been a long time coming. It has been talked about for the last 30 years. Yukoners were preparing for its imminent arrival in the mid-1970s but the years passed and there was still no pipeline. As a consequence, many have grown complacent about this massive undertaking, including the Government of Canada.

Part of this complacency can be attributed to confusion surrounding supposedly competing pipeline routes, the MacKenzie Valley Gas Pipeline route versus the Alaska Highway Natural Gas Pipeline route. Only recently has it been recognized that these two pipeline routes are not in competition; both routes are going to be needed.

The MacKenzie Valley Gas Pipeline is destined primarily for the development of the Alberta oil sands while the Alaska Highway Project will transport U.S. gas to U.S. markets in the South primarily for electrical generation.

The Government of Canada has been providing financial assistance to the N.W.T. to help its people prepare for construction of the MacKenzie line but has not, as yet, provided similar assistance to Yukoners for the construction of the Alaska Highway line. The time has come for Canada to do so.

The Government of Yukon supports the construction of both northern pipelines as North American demand will require gas from both Northern Canada and Alaska. Both pipelines are going to be required to ensure that Yukon's estimated gas reserves of 20 trillion cubic feet have access to markets and are not stranded.

The fact that the Alaska Highway Pipeline will be located in a corridor where more than 80 per cent of Yukoners live means that its construction will have significant and direct effect on the lives of most Yukoners.

Accordingly, this time our government wishes to ensure that Yukon First Nations will benefit from pipeline construction rather than merely experience its impact, as happened with the Gold Rush and the construction of the Alaska Highway.

To accomplish this end, the Yukon government has facilitated and financially supported the creation of the Alaska Highway Aboriginal Pipeline Coalition. This coalition represents those Yukon First Nations whose traditional territories lie along the proposed pipeline corridor.

We recognize that this project will also impact First Nations and communities off the route and we are committed to involving them in regulatory processes and capacity building. Further, their involvement will help create regulatory certainty for this project.

In many ways the oil and gas industry is far ahead of governments in recognizing and supporting Aboriginal participation in oil and gas development. We commend the industry for that support.

The Yukon government has made it a priority to ensure that Yukon First Nations are full partners in the economic development of the Yukon through the settlement of land claims and through other agreements.

Currently, 10 of the 14 Yukon First Nations have settled their land claims, and work is progressing to enable all Yukon First Nations to benefit from the construction and economic spin-offs of the Alaska Highway Pipeline Project.

At the same time we are forming partnerships with First Nations, we are also strengthening our ties with our neighbours in Alaska, Alberta, British Columbia, the Northwest Territories and Nunavut.

I must point out here that a special relationship exists between Alaska and Yukon. Geography has made us neighbours and history has made us friends.

In the winter of 2003, Governor Murkowski and I signed an Alaska-Yukon Intergovernmental Accord to work co-operatively on issues of mutual interest to our two governments. Through this agreement, we are co-operating on both the Alaska Highway Pipeline Project and the Alaska/Yukon Railway Project, as well as exploring other projects that could bring significant economic benefits on both sides of the border.

Our government is using every opportunity it has to impress upon the Government of Canada how important the Alaska Highway Natural Gas Pipeline is to the Yukon and to Canada as a whole.

From a Yukon perspective, we see significant benefits to Yukon from the project, and have outlined our interests, namely:

- No "bullet" lines; the Yukon must have access and egress to the pipeline.
- Yukon must receive a net fiscal benefit from the project.
- Canada must invest in the Yukon to help prepare for the Alaska Highway Project just as Canada has invested in the Northwest Territories to prepare it for the MacKenzie Valley Project.

The benefits to Yukon and Canada from the Alaska Highway Project are immense:

- The Alaska Highway Pipeline will generate between 100,000 and up to 375,000 person-years of employment for the Canadian economy over a 24-year period.
- The project would boost Canada's GDP by a cumulative $26 billion to $31 billion including $18.6 billion for B.C. and Yukon.
- The project will be an expandable open-access project capable of carrying natural gas from Alaska, as well as Yukon and B.C.

The construction of both the Alaska Highway Pipeline and the MacKenzie Valley Pipeline will inject billions of dollars into the North American economy. Our challenge is to experience the increased economic, education, training, business and employment opportunities while maintaining our unique northern lifestyle. There is no doubt we can meet this challenge.

Alaska/Yukon Railway Project

While the benefits to Yukon from the construction of the Alaska Highway Pipeline and the MacKenzie Valley Gas Pipeline will be immense, the benefits from the construction of the Alaska/Yukon Railway Project will be immeasurable.

It would be a project on a scale similar to the construction of the Alaska Highway that would forever change the map of Yukon.

The construction of the Alaska/Yukon Railway Project would be to Yukon what the building of the CPR was to Canada.

The concept of building a railroad from the lower 48 states to Alaska and ultimately to Russia is an old one dating back to 1845. An initial feasibility study was conducted by the U.S. Army Corps of Engineers in 1942. The study showed a capital cost of $87 million for the line alone and another $24 million for the rolling stock; that of course is in U.S. 1942 dollars.

The line was to be a single-track route, with sidings spaced at 10-mile intervals over a 1,417-mile route between Prince George, British Columbia, and Fairbanks, Alaska via Watson Lake and Faro in the Yukon. The route would utilize the Rocky Mountain and Tintina Trenches as well as the Ladue, White and Tanana River Valleys.

The construction was to be completed in three years and create 16,000 jobs. The railroad line was not built at that time because of the critical steel shortage during the early part of World War II. The Alaska/Yukon Railroad Project did not have sufficiently high priority as compared to the production of the weapons of war such as tanks, trucks and artillery.

Today there is renewed interest in the United States and particularly in Alaska to establish an International Canada-U.S. Joint Commission to conduct a feasibility study of the Alaska/Yukon Railroad Project.

The Government of Canada for several years now has been requested to provide $6 million to fund its participation in the International Joint Commission but to date has failed to do so, despite commitments made during the last election campaign.

It is the intention of the Government of Yukon to make Canadian participation in the International Joint Commission part of the development of the comprehensive Northern Strategy that I referred to earlier.

The results of a technical and economic feasibility study prepared by the Cooper Consulting Company of Kirkland, Washington with the sponsorship and support of the Canadian Arctic Railway Company of Surrey, B.C. were presented to the Alaska Highway International Forum last September.

The results indicated that the proposed Alaska/Yukon railroad connector between Fairbanks, Alaska and Dawson Creek or Prince George, British Columbia, over a 2,490-mile route network was both technically and economically feasible.

Initial capital costs were in the range of $4–6 billion by 2010, which would increase to $9–11 billion by 2020 with electrification. Freight traffic would be expected to increase between 5 and 10 million tons per year by 2010 and to between 70 and 120 million tons per year by 2050 with major commodities being crude oil and petroleum products, forest products, metal ores and equipment and intermodal freight.

Whether the Government of Canada agrees with these findings or not, they certainly warrant further investigation by the International Joint Commission.

Should the Alaska/Yukon connector line be built, the next step would be to build the Bering Strait railroad tunnel between Alaska and Chukotka in Russia in order to connect the North American railway systems to those in Russia and potentially China.

Should these developments take place, the impact on world shipping patterns and centres of commerce would be enormous and beyond the present comprehension of most Canadians.

Conclusion

Yukon's future, like its past, will continue to be shaped by major infrastructure development such as the two I have mentioned here today just as Canada's future was shaped by the building of the Canadian Pacific Railroad.

The only certainty in today's world is that there will be change—changes in transportation systems, changes in shipping patterns, changes in centres of business and commerce, and changes in climate that will effect changes in the environment.

It is my prediction that the North, and the Yukon and Alaska in particular, will be at the forefront of much of this change and in fact will focus the world's attention north of 60 degrees.

The North is coming of age and I believe we will fulfill Diefenbaker's vision of a new Canada, a Canada of the North: "A new vision! A new hope! A new soul for Canada!"

In closing, I want to briefly mention another major event that will take place in Yukon—the 2007 Canada Winter Games. The Canada Winter Games are scheduled to take place in Whitehorse from February 24 to March 10 in 2007.

As this is the first time an undertaking of this size will take place north of 60 degrees, we are taking a pan-northern approach to the 2007 Canada Winter Games. My fellow northern premiers, Joe Handley of the Northwest Territories and Paul Okalik of Nunavut, and I have joined force with the 2007 Canada Games host society president, Piers McDonald, to use these games to utilize this unique opportunity to showcase Canada's emerging frontier to all Canadians.

As a result of this partnership, the 2007 Canada Games will be truly unique and special. We are planning a national marketing campaign that will promote awareness of the North and the upcoming games.

The 2007 Canada Winter Games will provide an exceptional opportunity for the North to host the South. The three northern territories are very excited about this opportunity. It will allow all three territories to join hands in showcasing our cultures, our people, our communities, and our economic opportunities.

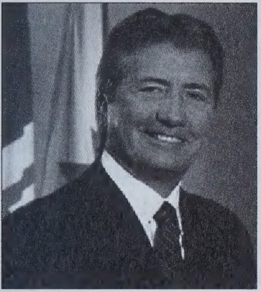
It should be noted that this will be the 40th anniversary of the Canada Games. We want to make this spectacular national sporting and cultural event a memorable one for all Canadians. I would like to extend an invitation to each one of you here today to join us for what is bound to become a truly unique and special anniversary.

Paul Flathery, the president of Northwestel and the vice-president of sponsorships for the host society, is with us here today. Northwestel has already committed to be a major sponsor of the games. If you talk to Paul, he will share with you the exciting opportunity these games will provide private-sector companies doing business in the North. I invite you all to consider joining with us by participating in this exciting venture.

Come and experience the Yukon—the magic, the mystery, the opportunity and potential. You will be most welcome.

Thank you for your attention today and may the new year be a safe, healthy one for all of you and yours.

The appreciation of the meeting was expressed by Charles S. Coffey, Executive Vice-President, Government Affairs, RBC Financial Group and 3rd Vice-President The Empire Club of Canada.



February 3, 2005

A joint meeting of The Empire Club of Canada and the Canadian Club of Toronto

The Hon. Danny Williams

Premier, Province of Newfoundland and Labrador

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Tim Reid, President, SIR Capital Corporation and Director, The Empire Club of Canada; Sydney Young, Grade 11 Student, Havergal College; The Rev. Canon Fred Hall, Canon Pastor (Retired), Diocese of Toronto; Jane Clark, Principal, Clark Communications; David F.W. Cohen, Partner, Gowling Lafleur Henderson LLP; William Taylor, Vice-President, TransCanada; Ted Rogers, President and CEO, Rogers Communications Inc.; Scott Hand, Chairman and CEO, Inco Ltd. and Director, The Canadian Club of Toronto; Damhnait (Davnet) Doyle, Singer and Songwriter; Ernie Eves, 23rd Premier of Ontario; Alfred Whiffen, Vice-President Sales, Newfoundland and Labrador, Aliant Inc.; and Michael MacMillan, Chairman and CEO, Alliance Atlantis Communications Inc. and President, The Canadian Club of Toronto.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the eighth premier in the Empire Club's very special Premiers Speakers Series that continues throughout the season.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow—and articulate what they see as the major challenges and opportunities for our country in the next decade.

And to experience all our premier presentations so far, and through to June, just go to our Web site at www.empireclub.org and watch what they've had to say and will be saying, since we now webcast all our luncheon meetings.

Today, we have the pleasure of welcoming the Honourable Danny Williams, Premier of Newfoundland and Labrador.

He is one of the seemingly many Rhodes Scholars from the Rock. Premier Williams earned a degree in arts in law from Oxford, his bachelor of law degree from Dalhousie, and was appointed Queen's Counsel in 1984.

He was part of a consortium of smart business people who got the province's first cable television license. From 1975 on, he guided Cable Atlantic to where it became one of the largest communications companies in Atlantic Canada.

His business acumen led him to become involved in his province's oil and gas industry, and its hospitality and tourism industry.

In his spare time, he has served on the boards of numerous worthy charitable organizations. And I'm not even going to talk about his commitment to hockey.

Just a little more than 16 months ago, he was the Progressive Conservative Opposition Leader.

And for the past 16 months, he has been a very vocal, visible premier of Canada's newest province and oldest landfall in the northern new world.

Premier Williams has been a flag-fluttering, turf-wagering, deal-demanding advocate whose words and actions have placed his province squarely in the bright glare of media focus and the more subtle inquisitiveness of the rest of us Canadians.

No matter how you may feel about what he has said or done, there is no doubt about the fact that Premier Williams has seared his proud and wonderful Province of Newfoundland and Labrador into the national consciousness.

And well so because his province is deeply steeped in the history of this continent and this country.

To really know Newfoundland and Labrador is to know a place that breeds wonderful people who love life, cherish family, and value laughter.

And they do all that in the face of cold Atlantic winds and waves, and for too many years now, so few God-given gifts to harvest.

Ladies and gentlemen, please welcome to our podium the Premier of Newfoundland and Labrador, the Honourable Danny Williams.

Danny Williams

I would like to thank the Empire Club of Canada and the Canadian Club of Toronto for the invitation to be here today. And, thank you all for taking the time to try and find out what this crazy guy from Newfoundland and Labrador is all about. It is indeed an honour and a privilege to join my fellow premiers in this series of speeches and to share my views on Canada.

And, I would like to say I am humbled by the impressive list of world leaders that have graced this podium from Churchill to Reagan. But I am reminded of the wisdom of another of your speakers, Golda Meir, who said: "Don't be humble, you are not that great." Like most Newfoundlanders and Labradorians, I truly love Ontario. It is always a pleasure to be in Mr. Roger's neighbourhood.

In fact, two of my staff with me here today were drawn to the lights of the big city and lived here for a few years. However, like most who move away from our great province, they were drawn back to the place we dearly love to call home.

From my perspective, apart from its natural resources, I think Newfoundland and Labrador contribute to this country a far more precious resource—some of the most talented, gifted entertaining individuals in the world. We need look no further than our head table here this afternoon to our own Damhnait Doyle—a bright, energetic, enormously talented young Newfoundlander and Labradorian taking this country by storm.

Right across the country, we start our day with Seamus O'Regan on Canada AM, and end it in the evening with Rex Murphy on The National. We begin the week watching the intelligent humour and commentary of Rick

Mercer on Monday Report and we finish the week enjoying the satirical wit of the talented cast of 22 Minutes.

Our authors are award-winning, our bright young minds lead corporations around the world and our musicians enjoy tremendous national and international success. Our boys from Great Big Sea are the hottest ticket in town in Boston on St. Patrick's Day. The endorsements do not come much better than that.

And, starting tomorrow, the defence system of this country will be under the extremely capable leadership of native Newfoundlander and Labradorian General Rick Hillier, the newly appointed Canadian Chief of Defence Staff.

To understand my views on my province and our country, a country I believe is the greatest in the world, you need to understand who I am, a challenging task to say the least. I suspect I have left many political pundits scratching their heads over the last number of months.

My actions, however, were motivated by a passion to strengthen Newfoundlanders' and Labradorians' place in Canada and a need to end the threat to the survival of our culture, a culture grounded in outport tradition and history that gives us a distinctive character.

All my life, I have welcomed a challenge. I entered the political arena four years ago not because it was a lifelong ambition, but because if I had not tried to make a difference, I would have failed a province that had given me so much. And I was on a mission.

Over the previous decades in Newfoundland and Labrador, I had built a successful career in business and law. I founded a cable television company with $2,500 of borrowed money and established businesses in the petroleum, tourism, recreation and real estate sectors. My legal practice was a street practice based on everything from mortgages to wills to insurance claims. My proudest moments were successfully defending the interests of the less fortunate in major civil and criminal litigation—the wrongfully convicted, the young victims of sexual abuse, a woman who struck back after years of spousal abuse and a sea captain who defended himself from a mutiny.

I learned from experience that the potential was there for individuals to achieve personal and corporate success in our province. But, as a business leader with my eyes wide open to what was going on in our province, I was frustrated that so many opportunities for growth were being missed, lost or mismanaged.

It was common to hear people ask the same question that has always bothered me: "Why is a province this rich in resources so poor?" Something was desperately wrong with the picture. And I entered office determined to do something about it.

So, I put aside my own business interests in order to devote my attention to making a difference in the political forum. I pledged that I would have a new approach to governance in Newfoundland and Labrador—an approach aimed at growing our economy for self-reliance while managing the public treasury openly and accountably in a socially and fiscally responsible manner.

That is the agenda that motivates me every day. It is a responsible, constructive approach to self-reliance that is based on a new attitude of self-confidence, pride and optimism. Our new government got a dose of reality quite soon after being elected. Fiscally, our province was suffering severely from the consequences of economic weakness. When I entered office, we were facing the prospect of successive billion-dollar deficits on total budgets of about $4 billion.

For a population of a half million, the situation was clearly unsustainable, and I spent much of my first year as premier trying to manage those fiscal challenges. But, I also understand that we cannot penny-pinch our way to self-reliance.

Ultimately, what we have to do is find better ways to turn our potential into an engine of economic activity.

Newfoundland and Labrador is an investor's paradise. It is sitting on some of the most valuable natural resources in the world. In fact, I would venture to say that, despite our per-capita income being the lowest in the country, our natural resource wealth, on a per-capita basis, is probably the greatest of any province.

We brought into Confederation vast fisheries resources, forests and farms. We brought all types of minerals—from the iron ore of Labrador West to the nickel, copper and cobalt of Voisey's Bay, and gold and many other minerals still being discovered.

We brought some of the continent's most important sources of clean hydro power, including the as-yet-undeveloped Gull Island and Muskrat Falls sites on the lower Churchill River, which are understandably of great interest to the Government of Ontario among others.

And, we brought significant reserves of oil and gas that, even today, have not been fully delineated or valued.

I think the recent dispute between Canada and Newfoundland and Labrador needs to be assessed in the context of the last 55 years.

What has frustrated us for so long is watching our resources leave our province with little or no processing, shipped to other parts of the country where they create jobs and sustain communities, while our own are struggling to survive.

Richard Gwynn recently described the past conflict by stating: "What's really at issue is the survival of rural Newfoundland and Labrador which is the crucible of its poetry, its songs, its stories, its tragedies, its passions, its beauties."

We are a proud people from an historically exploited area that does not want to take advantage or to be taken advantage of.

Some time ago, a well known Canadian, since deceased, said that Canada would be better off if Newfoundland and Labrador was towed into the middle of the Atlantic Ocean and sank. It is this perception of our great province that I am committed to changing.

Our fellow Canadians need to understand that we have taken more than our fair share of hard knocks. We joined Confederation with a significant government surplus and, 55 short years later, our own Royal Commission, our lending institutions and our bond-rating agencies were saying that our fiscal situation was unsustainable.

We lost most of the return on our Upper Churchill hydro-power resource to Quebec, which received an outrageously lopsided contract to buy and sell our power after the federal government refused to grant us wheeling rights enabling us to get the power to markets outside Quebec. Our loss is estimated at a billion dollars a year. The prime minister of the day told our premier that the price to do otherwise could have been civil unrest in Quebec. Sounds extreme. But the reality is that we made the sacrifice for the sake of national unity.

We lost the power to manage our fisheries when we entered Confederation, and Ottawa used our fishery to trade quotas to foreigners for favours benefitting other Canadians, and mismanaged some species of the domestic fishery to the point of commercial extinction. As a result of this mismanagement, tens of thousands of people have been forced to leave our province. Imagine, if in one day, 300,000 Ontarians suddenly lost their jobs as a result of the federal government's mismanagement of their industry. It would be a national disaster. In 1992, when the equivalent, 12,000, lost their jobs in one day in Newfoundland and Labrador, it was a national nuisance.

During this Super Bowl week, the words of Vince Lombardi are appropriate: "It's not whether you get knocked down, it's whether you get up." And, that is exactly what we did in Newfoundland and Labrador after our fishery closed. We took a knock, but then we got back up and diversified the fishery into a new, billion-dollar industry. But, the social impact on the province can never be recovered, and we have lost tens of billions of dollars from a ground fishery that still has not recovered.

Just recently, we were pleased to announce the development of one of the richest nickel cobalt copper discoveries in the world by Inco. The construction is ahead of schedule and on budget—a testament to the company and the many Newfoundlanders and Labradorians employed there. However, when the ore is processed, our province will receive less than 10 per cent of the royalties while the federal government will receive close to 90 per cent.

So, it is against this backdrop of the fishery, Churchill and our mineral development that our recent dispute arose. Compounding the loss of these other benefits was the loss of offshore oil and gas revenues.

Until now, most of the returns on offshore development have been leaving Newfoundland and Labrador. Most of the revenues flow to Ottawa under the equalization clawback, despite a provision of the Atlantic Accord promising that our province would be the principal beneficiary of our offshore resources.

We led the country in economic growth year after year, largely on the success of our offshore projects, yet the lion's share of the benefits was going elsewhere. Under that scenario, we would never have been self-reliant on the strength of oil because every step forward on revenues was accompanied by a virtually equivalent step back.

Similarly, we will never be self-reliant if we are simply a repository of the raw natural resources that create jobs and wealth in other jurisdictions. We will never be self-reliant unless we can do a better job of putting these resources and revenues to work for our own communities and economy.

That is why achieving a better arrangement on our non-renewable offshore resources has been one of my highest priorities. Last year, I proposed shielding our own provincial share of offshore revenues from the equalization clawback. It was a fair proposal. We have one window of opportunity to harness those non-renewable resources for our future.

Last June, Prime Minister Paul Martin agreed to accept our proposal on offshore revenue sharing. He recognized the fairness and equity of our proposal and, last Friday, after many months of discussions about the details, he lived up to his commitment. By holding out for fairness, we achieved an agreement that makes Newfoundland and Labrador more secure and lays the foundation for future progress. I applaud the Prime Minister for keeping his promise to Newfoundland and Labrador and Nova Scotia.

It required leadership, courage, strength of convictions and a desire to build a stronger nation. Mostly, it required a vision for the future of Newfoundland and Labrador. The Prime Minister's actions reflect the words of Franklin D. Roosevelt: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

The agreement in principle that we reached last Friday includes giving our province 100 per cent of our provincial share of offshore revenues free from any equalization clawbacks while we are an equalization-receiving province. It also includes several other tremendous benefits to the province. And Canadians will still receive more than 50 per cent of all revenues from our offshore oil and gas.

This agreement represents a big win for Newfoundland and Labrador. But, it also represents a win for Canada. Not only will Canada benefit from Newfoundland and Labrador's increasing self-reliance, but it can hold its head proudly on the international stage for its efforts to enable Confederation's poorest partner to realize its potential for prosperity within the federation.

I have never believed in getting something for nothing. If there is something you want in life, you have to go out and work hard to get it. And, in the past several months, our team has worked very hard—and sometimes made controversial decisions—to accomplish our goal.

The removal of the flag at the time was considered by some outside our province to be a setback to our cause but, from our perspective, it was necessary. I want you all to know it was not intended to show disrespect for this great country of ours. It was a statement to our fellow Canadians that we had issues that were deep-rooted, that were steeped in the wrongs of the past, that were about our survival as a people. We did not want to get out of Canada, we wanted to get into Canada as an equal—treated with dignity.

When Prime Minister Mulroney signed the original Atlantic Accord, he said he was not afraid to inflict prosperity on Newfoundland and Labrador. Rex Murphy summed it up best last fall when he said: "The infliction seems to have kicked in; we're still on standby for the prosperity." Last Friday, we came one step closer to the prosperity. As a result of our new agreement, my Canada is a lot stronger this week than it was last.

Our recent agreement could see Newfoundland and Labrador come off equalization for two of the next eight years. What an exciting and awesome prospect to be a contributor to the Canadian federation. Our disagreement with the Government of Canada was not just about money. It was about pride. It was about having the opportunity to stand on our own two feet and be financially independent. It was about having the opportunity to grow and prosper, to stand as an equal in the Canadian federation. You can't put a price tag on these feelings. Pride is something that can't be bought and paid for with money. It is something that you have to earn. And, Newfoundland and Labrador has earned this, believe me.

We are going to be very responsible in how we deal with our new-found monies. Over the coming weeks and months, my Cabinet will evaluate our options to determine how this money will provide the greatest possible return to the people of Newfoundland and Labrador. We won't waste this opportunity.

I was delighted to read reports from Standard and Poor's and the Dominion Bond Rating Agency (DBRA) that suggested this agreement could potentially improve our credit rating. In fact, DBRA said that, if this money were put down against our debt, our interest costs would be notably reduced and our debt-to-GDP ratio could fall by about 11 percentage points. That is precisely the type of analysis we will be conducting to guide our actions.

We will also look to find ways to foster economic development, to identify where changes are needed and pursue opportunities where they exist. And, if we can't see the opportunities, we will create them.

Newfoundland and Labrador welcomes investors with a host of advantages.

Our province has the unique geographic benefit of being strategically located, poised as a natural gateway between North America and the European Union. With our unique time zone, we can easily serve Europe and North America in the same business day.

Seventy per cent of our work force between the ages of 25 and 44 have some form of post-secondary education. On a per-capita basis, we have the largest available work force in the country. New and expanding businesses have access to a pool of over 40,000 skilled workers.

Memorial University, partnering with the province, is at the forefront of marine technology innovation and we are world leaders in ocean technology research with world-class facilities.

KPMG has rated our capital city as one of the lowest-cost locations to do business in North America, Europe, Australia or Japan, and St. John's has a 14-per-cent cost advantage over average U.S. cities.

Our companies score high in employee reliability, high employee retention rates, low absenteeism and high productivity.

The award-winning EDGE program is one of the best business incentives in Canada. The program provides a 15-year tax break, a 100-per-cent rebate on provincial corporate income tax, a 100-per-cent rebate on health and post-secondary education tax, a 50-per-cent rebate on federal corporate income tax (the only province in Canada to offer this rebate) and access to Crown land for business set-up, relocation and expansion.

We also offer generous equity, R&D and manufacturing tax credits to encourage and attract investors.

Do I believe in the future of our province? You bet I do!

Equally important to the prospects of our economic future, we have a great lifestyle to offer.

Dame Judy Dench, when asked by a British newspaper what she still wanted to accomplish in life, replied without skipping a beat: "The only thing I want to accomplish is to go back to Newfoundland."

Anthony Wilson Smith of Macleans described it as our "youngest, coolest province." He stated that he and his wife visited "a hotel that offers the best service anywhere, ate dinner at a restaurant the equal of most in Toronto and shopped at several boutiques that would sit comfortably alongside the hippest places in Montreal and Vancouver."

I ask you, where else in the world would Kevin Spacey be asked for ID at his film shoot's catering truck? Where else is storytelling a competitive sport?

Where else is a 15-minute drive to work considered a long commute? Where else can you leave the oldest city in North America and, within 30 minutes, see whales, icebergs, wildlife, bird sanctuaries and a breathtaking ocean coastline second to none?

There is certain "joie de vivre" in our province that has been given a tremendous boost in the past week. I said earlier this is not just a win for Newfoundland and Labrador and Nova Scotia, it is a win for Canada. Even more importantly, it is a win for rural Canada. My Canada cannot give up on its rural roots. We must balance the trend towards urbanization with the need to preserve the fabric of our nation that was woven in our small communities.

Urban dwellers are retreating in droves from the hectic pace. Successful professionals are realizing and appreciating the value of the peace, the calm, the serenity of small-town Canada. They are places for reflection. To be in the great outdoors, the walk in the woods, the view of the ocean, the sound of the birds—the tranquility that is missing in the big cities. Our wide-open spaces are a valuable asset and it is not worth the sacrifice if we lose them. Rural Canada is a national treasure and you cannot put a price on that.

Stronger communities, stronger cities and stronger provinces equal a stronger Canada. Our province embodies the dynamic of the cultural mix of a strong but threatened rural presence with a fast-growing trend towards urbanization. This recent initiative by Prime Minister Martin gives us the opportunity to grow and prosper, while preserving our rich culture. It gives us a future where our hopes and aspirations turn into reality.

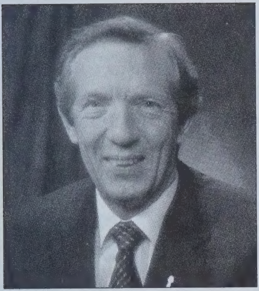
Our success will be Canada's success. I firmly believe that when you hear the name Newfoundland and Labrador in 10 or 20 years, the words you will use to describe our province will not be cold, foggy or poor, but prosperous, vibrant and self-reliant.

The far east of the western world is the place to be. Today and tomorrow—a wonderful place, I am proud to call home.

Thank you.

The appreciation of the meeting was expressed by Michael MacMillan, Chairman and CEO, Alliance Atlantis Communications Inc. and President, The Canadian Club of Toronto.

The Hon. Danny Williams, Premier, Newfoundland and Labrador and Catherine S. Swift, President and CEO, Canadian Federation of Independent Business and 2nd Vice-President, The Empire Club of Canada.



February 9, 2005

The Hon. Lorne Calvert

Premier, Province of Saskatchewan

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Robin Sears, Principal, Navigator and Director, The Empire Club of Canada; Dean Petrovic, Grade 12 Student, North Toronto Collegiate Institute; Reverend Michael Clarke, Christ Church, Brampton; Gabriella Martinelli, President, Capri Films; Peter Farmer, President and CEO, Denison Mines; Keith Brown, CEO, Trailtech and Chairman of the Board, S.T.E.P. (Saskatchewan Trade & Export Partnership); Bob Armstrong, President and CEO, IE Canada; William White, President, IBK Capital Corp and Director, The Empire Club of Canada; Morley Salmon, Chairman of the Board, Limited Market Dealers Association of Canada; Ian Delaney, Chairman, Sherritt International Corporation; William Biggar, Managing Director, Richardson Capital Limited; and Robert Watson, CEO, SaskTel.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the ninth premier in the Empire Club's very special Premiers Speakers Series that continues throughout the season. And if you are keeping as careful a count as I am, that means we expect to see four more premiers address us in the months ahead.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow. To articulate what they see as the major challenges and opportunities for our country in the next decade.

Today, we have the pleasure of welcoming the Honourable Lorne Calvert, Premier of the Province of Saskatchewan.

Or, as some of his close colleagues fondly addressed him after the last election when his NDP government earned a 30–28 majority, welcome Landslide Lorne.

Those close to Premier Calvert wax eloquent about his great skill at making people comfortable, of reaching out to the people of Saskatchewan with a gentle passion. In fact, Premier Calvert's bus tours are legend and a great example of a leader wanting to constantly connect.

But then, perhaps that shouldn't be any great surprise. Our man from Moose Jaw first studied economics at the University of Regina, only to make what one can consider a radical shift—to study theology at the University of Saskatchewan.

Premier Calvert was ordained in the United Church in 1976, and for the next decade served congregations in a number of communities in Saskatchewan I tried but failed to find on my map of Canada.

He was first elected to the Legislative Assembly in 1986 and re-elected four times since. And along the way, Premier Calvert for a while was Minister Calvert in the Romanow government.

Those close to Premier Calvert say that his proudest political achievements include his work on health-care reform, and his Building Independence program.

The latter is based on the belief that work is, in fact, the best way out of poverty. And the numbers speak ever so impressively for themselves: in the past seven years, there has been a huge 41-per-cent drop in the number of Saskatchewan families receiving social assistance.

I believe Premier Calvert also must feel pride in knowing that his province is now a "have" province.

And finally, just consider that in 1993, Saskatchewan's provincial debt-to-GDP ratio was an intimidating 69 per cent and now that number is hovering at around 28 per cent. That's a drop of some 40 per cent in what has been a decade of change in Saskatchewan.

Ladies and gentlemen, please welcome to our podium the Premier of Saskatchewan, the Honourable Lorne Calvert.

Lorne Calvert

Thank you Bart for that kind introduction.

It cannot be frequent in the Empire Club's long history that you meet on New Year's Day. Today is an exception to that. On this first day of the Chinese Year of the Rooster, I want to begin by wishing everyone a Happy New Year. Kung Hei Fat Choy!

I read in my own horoscope for the year of the rooster that "this is a good year to move ahead financially and to experience some good luck or have money fall into your lap." I take this to mean that I should look forward to the next round of equalization discussions.

Whatever the day, it is a great honour to speak to the Empire Club—to stand at the podium that has been occupied by so many illustrious figures in the past: Sir Winston Churchill, His Holiness the Dalai Lama, and Danny Williams. These are tough acts to follow.

In reference to my friend and colleague, the Premier of Newfoundland and Labrador, it is of some historic note that in two successive weeks, the Empire Club of Canada has welcomed both the Premier of Newfoundland and Labrador and the Premier of Saskatchewan.

In two successive weeks, the Empire Club has hosted leaders of the two provinces that not so long ago were often viewed as the stereotypical representatives of the hinterlands of Canada; as the stereotypical examples of the economically challenged.

That Newfoundland and Saskatchewan should appear at the Empire Club, both filled with optimism for the future, both with a new momentum and both poised to show economic leadership in the nation speaks volumes to the change that is happening in our country.

And it speaks to the central thesis that underlies my remarks: in Canada's 21st century, the strength of our great nation, as never before, will be based on the strength of all of our regions.

Simply put, a strong Saskatchewan contributes to a strong Canada. A strong Newfoundland and Labrador will contribute to a strong Canada. Strength in all of our regions will be the strength of Canada in the 21st century.

My goal today is first to offer you a snapshot of the Saskatchewan that has emerged in the past decade or so—a changed Saskatchewan, a Saskatchewan with strength that sometimes surprises even those of us who live there and a Saskatchewan ready to lend strength to the nation.

Then I will describe for you three specific areas of future strength that my province will bring to the federation.

Now I am aware that Premier Williams, a week ago, shared a little of his own journey into public life—from the world of communications and business into the realm of politics and public life.

My own journey to this podium was somewhat different. I come to politics and public life from the pulpit. There is a certain tradition of this in Saskatchewan; our current Minister of Agriculture is also a cleric. And back in the 1940s we elected a little Baptist preacher named Douglas, who now is described, by CBC viewers at least, as the "Greatest Canadian."

Tommy Douglas used to say, "I was a printer and then I became a preacher. Then I became a politician and then I became a premier. And that is the true descent of man."

Whenever I am asked, and I frequently am, "Why would you give up the pulpit for politics?" I respond with a little Wizard of Id comic in which the question was put to a preacher turned politician. When asked, "Why would you give up the pulpit for politics?" he simply answered, "When you have given your life to the fighting of sin, you might as well go where the action is!"

While Danny Williams and I may not share common pathways to this podium, we do share a common reality in the provinces we govern. In the early nineties both of our provinces were seen as the economic and fiscal basket cases of Canada. Today, I would argue, the world has changed dramatically for both of our provinces and both are poised for economic leadership in the federation.

A Changed Saskatchewan

Let me give you a snapshot of a changed Saskatchewan.

From near bankruptcy in the early nineties, we have put our fiscal house in order. Through rigorous financial discipline, we were the first province in the 1990s to balance our books. We have maintained balanced budgets, and we've had 11 straight credit-rating upgrades. This year, for the first time in 20 years, Saskatchewan has earned a "double A" rating from both major American credit-rating agencies.

Private-sector investment today is more than a billion dollars higher than it was a decade ago.

Statistics Canada says we were third nationwide in per-capita GDP growth from 1992 to 2003, despite drought years in 2001 and 2002.

We were at or near the top last year in economic growth, according to independent analysts and expected to be near the top according to the forecasts for 2005.

We have set a new record for the number of people working in 2004 and just last Friday, we saw statistics that showed a record number of people working in the month of January, an increase of more than 10,000 jobs from January 2004.

Our economy has seen significant changes. At the recent summit I hosted in Saskatoon, the 400 participants were surprised to learn that primary production in agriculture now represents only 7 per cent of our GDP, whereas at one time primary agricultural production represented virtually half of our GDP.

Now it is not that the role and value of agriculture has dramatically fallen. We still are the stewards of nearly half the arable land in Canada. We still grow the world's best wheat, oats and barley.

We've diversified in agriculture. We've moved significantly into intensive livestock production. We have diversified crops to meet niche markets in the world.

We are now one of the world's largest suppliers of lentils for the Asian markets. We grow berries for the European markets. And every drop of mustard on a Yankee Stadium hotdog now comes from Saskatchewan.

We've suffered from drought, unfair international subsidy, and borders closed to our livestock in recent years, but the role of agriculture has not dramatically changed. What has changed is that our economy has grown and expanded alongside agriculture.

Today the largest contributor to our GDP growth is oil and gas, much of today's activity spurred by royalty and taxation changes we made two years ago.

With the expansion in our uranium mining, we now produce more than 30 per cent of the world's uranium supply.

We dominate the world in high-quality potash production and the potash industry today is again poised for expansion.

The Saskatchewan forest, which covers more of our province than prairie, is now home to the world's largest oriented strand board manufacturing facilities.

And you may be surprised to know that buried beneath Saskatchewan soil, just an hour from Prince Albert at Fort a la Corne, is the world's largest known, diamond-bearing kimberlite field.

The companies exploring the field, Kensington, DeBeers, Cameco and Shore Gold, estimate that we are looking at 10 billion tonnes of kimberlite, of which 70 per cent are diamond-bearing. We have the potential of 100 million carats in the ground.

In new-age energy, we are building our capacity of wind generation, pioneering in bio-mass, co-generation and clean coal (of which we have hundreds of years of supply).

With Husky Oil, we are building the world's largest wheat-based ethanol plant to supply the Saskatchewan and international market.

We've just unveiled the world's first pick-up truck with a hybrid hydrogen/gasoline internal combustion engine.

Our energy and resource sectors have taken off.

So too have niche manufacturing and processing. So too have the hospitality and tourism industries. So too have financial services. So too have science, innovation and research (and I want to say a little more about this in a moment).

And so too, has a most unlikely candidate to drive the Saskatchewan economy—film and video production.

In 1954, a Hollywood western called "Saskatchewan" hit the big screen. If you've seen the movie, you will never forget the majestic beauty of our snow-capped mountains that appeared in every other scene.

Well our "mountain removal project" is now complete and just a few weeks ago, filming in Saskatchewan ended on a multimillion dollar production called "Tideland" directed by acclaimed filmmaker, Terry Gilliam of Monty Python fame.

CTV's hit sitcom, "Brent Butt's Corner Gas," is filmed entirely at the Regina Sound Stage and on location in a little Saskatchewan town called Rouleau.

Projects like these have the Globe and Mail calling Saskatchewan the new Hollywood North.

My point here is that Saskatchewan today is on all fronts, much changed from where we were just a decade ago.

Our economy is stronger than it has been for decades.

Our population exodus has turned around.

Our export trade has grown phenomenally.

And for the first time in decades, Saskatchewan is again a "have" province, joining Ontario and Alberta as a non-recipient of equalization. There is a new strength in Saskatchewan today—a strength we bring to the nation.

There is a momentum in Saskatchewan that we have not known for a long time. It is a changed province. And we have declared to the nation that "Our Future Is Wide Open."

Building on the Momentum

Now it is the determined intention of this premier, the government I lead and the people of Saskatchewan, that we will maintain and build on this momentum; that we will take this new strength and see it grow for the sake of our citizens, and for the sake of the nation.

Today, I want to quickly identify three areas of strength upon which we will build in Saskatchewan.

The first area is that of science, research and innovation.

Affiliated with our universities, Saskatchewan's research parks and Saskatchewan's Research Council are equal to any in the nation. We have built significant research capacity and commercialization expertise in agricultural bio-technology, petroleum research, medical and pharmaceutical research, software development, and green house gas research.

At the University of Saskatchewan, we have commissioned Canada's Light Source Synchrotron, the largest scientific project in Canada in decades. It is our nation's only synchrotron and one of a very limited number globally, of its generation. The research potential of this instrument is limited only by the imagination.

It has already attracted scientific expertise from across the globe.

It has already probed the molecular structure of drugs and cancer cells.

It has already demonstrated its ability to probe the diamond and even improve the taste of chocolate.

It has already given Saskatoon the reason to declare itself "Canada's Science City."

What is unique about the Synchrotron, is the partnership that has brought it into being, in Saskatchewan.

This Synchrotron has more private-sector support, more privately owned and dedicated beam lines than any other in the world; and it has enjoyed a unique partnership of public-sector players—the University of Saskatchewan, the Government of Canada, and the governments of not one but three provinces: Ontario, Alberta and Saskatchewan.

The Synchrotron research parks will anchor Saskatchewan in research and will benefit and serve Canada's research and innovation capacity throughout this century.

Saskatchewan has a history of innovation in science and technology. Saskatchewan is proud to be a telecommunications leader. Without exaggeration Saskatchewan is one of the most connected jurisdictions in the world.

Through our publicly owned telecommunications company, SaskTel, 86 per cent of our population will have access to high-speed Internet within the next three years—an unprecedented accomplishment worldwide.

However, much of our future success will hinge on state-of-the-art telecommunications services and applications over that network to meet our unique geographic and demographic realities.

Today we have an immediate challenge facing our province. We need national telecom rules and policies that support and recognize our provincial endeavours.

To offer one example, the competitive field of voice over Internet Protocol services, is getting very crowded with strong national and international players from a variety of industries. That is a good thing.

Yet the preliminary rules governing this emerging service are that voice-over IP services offered by SaskTel in Saskatchewan will be regulated, while those of SaskTel's competition will not. What is needed clearly is one set of rules for everyone—a level playing field. And we are determined to achieve just that.

The agenda of innovation in Saskatchewan began with buffalo jumps, with farm implements built in the barn, with pioneering varieties of rust-resistant wheat, to the delivery of public health care, to cobalt cancer treatment to fibre optics, to upgrading and enhanced oil recovery, to the invention of the A.T.M. (Automated Teller Machine) and the Girl Guide cookie.

In science, research and innovation and telecommunication, the agenda of innovation today is driving our economy. It is one of our great potentials with the potential to serve the nation.

The second area that I want to identify today, in which I believe Saskatchewan has the opportunity to both maintain our momentum and contribute to the strength of Canada is in energy—specifically oil and gas.

Last week I spent a day in Calgary meeting with the industry and I can report to you that there is significant optimism among the industry players for the future of oil and gas development in Saskatchewan.

We have recently developed in the Shackleton field in southwest Saskatchewan, one of the largest natural gas finds in Canada in decades. We are today the third-largest producer of natural gas in Canada.

The industry also reports that the huge potential for unconventional natural gas development in the province remains largely untapped.

In oil, the potential is even greater. More than 30 years ago, conventional wisdom was that Saskatchewan had roughly a 10-year supply of crude oil remaining. We have proved otherwise. Today we estimate that there are 35 billion barrels of oil in the ground in Saskatchewan.

However, our challenge, not unlike the challenge faced by the Atlantic provinces with off-shore oil, is that only about 15 per cent of the resource is recoverable using conventional means.

With our vast heavy oil resource, the recovery rate is in the 5–10 per cent range. That means that today we are leaving 85–95 per cent of the oil in the ground. How do we get at it? By continuing innovation and government policy that encourages the application of new technology for enhanced oil recovery.

Saskatchewan was a leader—indeed, well out in front of Alberta—in encouraging horizontal well drilling in the nineties, a huge factor in the doubling of oil production in Saskatchewan between 1991 and 2001.

Industry is now building new technologies to recover more oil and extend the life of our fields. A lot of that groundbreaking research is happening at the Petroleum Technology Research Centre (P.T.R.C.) in Regina. Much of that research is around enhanced oil recovery using carbon dioxide injection.

The P.T.R.C. is the manager of one of the world's largest climate change research projects taking place in an oil field operated by EnCana Corporation near Weyburn in southeastern Saskatchewan.

Carbon dioxide is injected to increase the flow and production of oil and gets trapped in the process. Over the past four years, this project alone has resulted in five million tonnes of CO_2 being stored underground.

That amount of carbon dioxide storage is the equivalent of taking anywhere from one million to 3.2 million cars a year off the road. It is obviously a big win for the environment. But it's also a big win for the industry, because the process has extended the life of this 50-year-old field by another 25 years. And it's a win for the province and a win for the nation.

There is today an exciting convergence of events—our national desire to arrest climate change and the approaching implementation date of the Kyoto Accord; and new technology that allows us to use the carbon dioxide that would otherwise be entering the atmosphere and the opportunity to extract vast reserves of light and heavy oil that have until now been virtually impossible to get at.

The enhanced recovery of Saskatchewan's oil and gas resources will be one of the nation's next tar sands scale projects in energy and a major contributor to meeting our Kyoto responsibilities.

Therefore in the near future, I hope to announce policy initiatives that will foster greater investment in enhanced oil recovery. And I will be looking to the federal government for partnership in achieving these goals.

This is why the current debate over equalization is crucial to Saskatchewan, our future, and our future contribution to the strength of the nation.

We have welcomed the Atlantic Accord. It is obviously good news for Newfoundland and Labrador and good news for Nova Scotia as they develop the challenging offshore resources.

We expect the accord will mean similar good news for Saskatchewan.

The Atlantic Accord is a major step forward in recognition by the federal government of the special nature of non-renewable resources.

Saskatchewan in the past has benefited from equalization and we remain a firm believer in the principles at the heart of equalization.

The present problems with equalization are not ones of principle, but rather the unintended consequences that arise from the current program, chief among these being the discouragement of natural resource development.

This has been the case in Saskatchewan where we have documentation, supported by the work of Dr. Thomas Courchene, a tax-back of our resource revenues at rates exceeding 100 per cent, making resource development very expensive for the people of Saskatchewan.

That past inequity—tax-back rates exceeding 100 per cent—was corrected last year and I commend Finance Minister Ralph Goodale and the federal government for doing so.

Now it is time to correct the future. Saskatchewan expects the federal government to step up and exempt Saskatchewan resource revenues as it does now in Atlantic Canada, and then begin a fair and impartial review of the equalization program.

We support the foundation of an independent panel to examine the overall approach to equalization.

We believe an excellent opportunity exists to achieve an equalization program that is adequate, responsive and fair to all Canadians and we look forward to the work being undertaken.

But again, before that good work begins, the federal government must meet its obligation to level the playing field when it comes to energy resources of my province.

We are a "have" province. We intend to keep it that way. Exemption of Saskatchewan's resource revenues will ensure that never again will Saskatchewan draw from the nation's pool of equalization.

The one other area of our future and Saskatchewan's future role in Canada that I want to touch on has to do with the youth of our province, with a particular reference to our young, Aboriginal population.

For decades, my province has watched the export of our youth. In fact they have been one of our greatest contributions to Canada.

In Calgary the other day, someone asked me, "What do you call a young person off the farm in Saskatchewan, now at work in the oil industry in Alberta?" You call them "boss."

Today every province in Canada and every jurisdiction in North America face a common demographic challenge. No one in this room needs to be enlightened as to our nation's aging work force and imminent wave of retiring baby boomers.

But it may surprise many to learn that Saskatchewan has more teenagers per capita than any other province in Canada. We are among the youngest jurisdictions in the country. That is true because of our First Nations and Metis young people coming of age. This may well be at once my province's greatest future advantage and our greatest challenge.

I am proud of the work that is going on in my province. There has been a tremendous growth in First Nation and Metis economic development in a large variety of economic sectors offering new opportunities on and off the reserve.

I am in the process of visiting every First Nation in our province, some 74 of them, and I see great things. I see K–12 schools offering state-of-the-art, quality education to the children and children staying in school and graduating. I see schools that involve family and community in education. I see tradition and treaty taught in our public schools.

We have built the Saskatchewan Institute of Indian Technology alongside our regional colleges and Institute of Applied Sciences and Technology.

I am proud of the fact that percentage enrolment of Aboriginal youth in our trade and technical education programs now exceeds their percentage of the population.

I am proud of the growing enrolments of Aboriginal youth in our universities, in all colleges and perhaps proudest of all of the First Nations University of Canada, in Regina—Canada's first fully accredited First Nations university.

But for all the distance we have come, we have a long path ahead if we are going to ensure the fullest of opportunities for our greatest resource—be they non-Aboriginal or Aboriginal youth.

Too many are trapped in poverty, too many fight substance addiction, too many lack good health and housing, too many are seeing their gifts, their talents, their hopes unfulfilled and unrealized and too many are yet made to feel unwelcome in our economy, in our neighbourhoods and communities.

A half century ago, a few Saskatchewan folks had a dream of building access and equity into the delivery of health care so that all of our citizens could enjoy equal access to medical care and good health.

In this century, my dream is that no young person in my province or in my nation should be denied access to the opportunities that this land affords.

It may well be that Saskatchewan, this new and vibrant province that is emerging in the West, has the greatest opportunity to find the way to make this dream a reality.

A great Chief of the Plains Cree, Chief Poundmaker, once said to his people at a turning point in their history, "It would be so much easier to just fold our hands and not make this fight—to say I, as one man, can do nothing. I grow afraid only when I see people thinking and acting like this. We all know the story of the man who sat beside the trail too long. It grew over and he could never find his way again. We can never forget what has happened, but we cannot go back nor can we just sit beside the trail."

Whether it be in science and innovation, whether it be in the development of our energy resources, whether it be in achieving justice and equality of opportunity for our young, we in Saskatchewan are not about to fold our hands and say there is nothing we can do nor are we willing to just sit beside the trail.

Friends, I believe that my province today, like never before, has the opportunity to offer much strength to Canada's future.

We are a province of persistence and determination.

We are a people of innovation.

We will offer to the nation our persistence, determination and innovation.

We are at once a people deeply independent and yet deeply co-operative.

We rejoice in the gifts of the individual, but believe in the power of community.

We are fiercely prairie, fiercely Saskatchewan and we are fiercely Canadian.

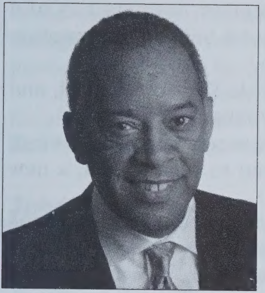
We are strong.

We will offer our strength to the nation.

We believe in a strong Saskatchewan—in a strong Canada.

The appreciation of the meeting was expressed by Robin Sears, Principal, Navigator and Director, The Empire Club of Canada.

The Hon. Lorne Calvert, Premier of Saskatchewan with Bart J. Mindszenthy greeting some of the Empire Club luncheon guests.



February 17, 2005

John W. Thompson

Chairman and CEO, Symantec Corporation

EMERGING TRENDS IN INFORMATION TECHNOLOGY

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Gareth Seltzer, President, TWS Canada Group and Past President, The Empire Club of Canada; Johanna Groenberg, Grade 12 Student, Earl Haig Secondary School; Reverend Vic Reigel, Pastoral Staff, Christ Church, Brampton; Jeff Barrett, President, MacMedics; Bryan Roby, Principal, Madison House Associates; John Newton, PhD, PEng, Principal, John Newton Associates Inc.; Lou Natale, Director, The Empire Club of Canada; Christine Peters, Principal, Bump Creative Partners Inc.; Jim Willis, General Manager, Symantec (Canada) Corporation; and Dave MacDonald, President and Director, Softchoice Corp.

Introduction by Bart Mindszenthy

Ladies and gentlemen, I don't know about you, but I remember the serene days when IT spelled and meant "it."

But then along came the computer, and it kept on coming—from monstrous machines taking up huge spaces with miles of cables and hidden in sealed air-conditioned rooms to the desktop work station to the laptop of today.

And with the computer came information in quantities and qualities unlike ever before. And IT really did become "information technology."

And then we discovered the World Wide Web, and e-mail, and online banking and online just about everything.

So whether it's an Intranet or the Internet, our compressed, wired and now wireless world has moved to a new level, a new order.

But that level also brings new threats and dangers. And one glaring threat is security. In fact, Canada's Auditor General just this week reported that the federal government's own systems aren't as secure as they could or should be.

The fact is that security has become a major issue, as bits and bites fling and flow and disassemble and reassemble by the multi-billions day in and day out. It's become an issue of credibility, reliability, and sometimes even of survival.

We're now living in an "information economy" where data has become not only a product, but perhaps the currency that drives us as individuals and organizations and nations.

Since its formation in 1989, Symantec Corporation has emerged as a global leader in the very field of information security. It provides a broad range of software, appliances and services to ensure secure IT infrastructures to more than 120 million users globally.

The company now has operations in more than 35 countries.

When our guest speaker joined Symantec just five years ago, the company had revenues of some US$630 million. By 2004, revenues tripled to just under US$1.9 billion. So it's rather safe and secure to assume that he's doing something very right.

John Thompson graduated from Florida A&M University and earned his master's degree from MIT's Sloan School of Management.

He then went on to a very successful stint with IBM, latterly including the role of general manager of IBM Americas and a member of its worldwide management council.

As Chairman of the Board and Chief Executive Officer of Symantec, Mr. Thompson has led the way in shaping the company's leadership position in the area of information security software.

Obviously, the President of the United States thought Mr. Thompson had something of deep value to share when he appointed our guest speaker in 2002 to a select committee charged with making recommendations regarding the security of the crucial infrastructure of America.

As well, Mr. Thompson serves on other security-related committees and is a board member of several corporations.

All in all, Mr. Thompson is a very focused, results-oriented, thoughtful and proven leader who brings a huge amount of skill, passion and drive to his job.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Chairman of the Board and Chief Executive Officer of Symantec Corporation, Mr. John Thompson.

John Thompson

Thank you very much, Bart, for that very gracious introduction, and good afternoon everyone. It's clearly a pleasure to be with you here in Toronto and have an opportunity to speak to such a prestigious audience. It's my understanding that the club dates back more than 100 years, and it's also my understanding that the speeches that are given here are published and provided in a yearbook to secondary schools, to universities, to elementary schools throughout Canada.

Now when I heard about that I thought what an honour, quite an honour. And I started to think about my 10-year-old granddaughter and whether or not she would even pay attention to what I have to say today, much less something that might be in the archives 100 years from now. And so it truly is an honour and, I hope, an opportunity for me to suggest to my granddaughter that there are people who will pay attention to at least one thing that I say.

As Chairman and CEO of Symantec I'm often called upon to talk about what's going on in the Internet and what the trends are that are affecting the IT industry. And so what I'd like to do is share with you what I share with colleagues and friends as well as government officials and regulators around the world—my thoughts about the trends that we see emerging in information technology.

My being invited to speak here today demonstrates the growing interest in and the importance of IT, and the fact that it's no longer an isolated area of responsibility. As a matter of fact the area of IT that we are focused on, information security, has clearly now become a boardroom issue. Now because of that we, as an industry, need to move away from some of the jargon that we use and so we need to eliminate some of the many acronyms—IDS, and UDBM, and AV—so that you can get to the simple essence of what we do, which is protecting the vital infrastructure and information that you rely on to make business decisions, and maybe even personal decisions every day.

We need to make sure that that infrastructure, when put in place, can recover from an incident very quickly, and, more importantly, you have the confidence in which to make appropriate decisions about running your business. And so our job at Symantec is to make sure the applications that you use for business decision making stay up and running no matter what might happen.

As you might imagine the opportunity to speak to audiences carries me to parts of the world near and far. But there's one thing that is common about every place in the world, and that is our customers are dealing with three very, very vexing challenges and they're consistent around the world: cost, complexity and compliance.

Now cost is one that is certainly not a new nemesis to the IT domain; it's something that we've had to deal with for quite some time. As a matter of fact, hardware costs have come down quite substantially over the last few years, but the real challenge for many IT organizations has been the labour cost associated with running and managing their environments. And as more systems and applications are being deployed, as more security vulnerabilities are discovered every day, and as the number of users required to be served by this infrastructure grows, there's no question that cost control is challenging.

The next big challenge is complexity. Your IT departments have traditionally had to deal with the complexity of the computing environment and tried to make it transparent to many of you. They're also managing the ongoing challenge of integrating disparate operating environments from Windows, from Solaris or Unix in a range of operating systems. This is an enormous amount of complexity and it is getting greater, not less, in its difficulty.

Today the Windows environment is still the most exploitive from a security point of view but other platforms, including Linux, are now demonstrating similar weaknesses. And it's this level of platform growth that ensures that there will be a tax on those new environments as well. We at Symantec certainly applaud what Microsoft is doing from the point of view of its security initiatives. We also recognize that what they are doing is necessary, but not necessarily sufficient, for what every large enterprise user must have. Large enterprise users have a requirement for multi-platform or cross platform in the vernacular heterogeneity and therefore it may be impossible for someone who is so focused on one environment to support others. That's why Symantec and other purpose-built companies will in fact be a better alternative for security than someone who is so focused on one particular environment. And we're also mindful that we're not distracted by things like computer games, and things that don't relate to securing your infrastructure.

Compliance is also the new elephant in the room and it's one that we certainly have to be mindful of. You can't avoid bumping into some new regulatory requirement today. Regulatory requirements around retention of records, the discovery and retrieval of information are processes that can in fact determine whether or not your business is running appropriately, and clearly security breach disclosure is a paramount issue.

In Canada you're grappling with a number of regulatory initiatives like PIPEDA. And in the U.S. clearly we are struggling with Sarbanes-Oxley. If you are in one or another vertical industry around North America there are at least one or two regulatory initiatives per industry that you must conform to, and it's in that context that this new elephant in the living room is one that we have to deal with.

Compliance has become a top priority for CEOs around the world and it certainly is wielding considerable influence over IT budgets and IT decisions so it's no exaggeration to suggest to you that it will in fact be the challenge of the 21st century.

In this evermore complex, more costly, more regulated environment, it's no wonder that many of you want a more integrated solution to manage your infrastructure and you'd rather work with a strategic partner who can help you do just that.

Now don't get me wrong, I'm not suggesting that you're going to buy all of your IT solutions from one vendor; that's highly unlikely. But I'm also not naive enough to think that we can't provide more than we do today. So the drive to deal with the vexing challenges of cost complexity and compliance are in my opinion going to be factors in consolidation in our industry over the course of the next few years. I would predict that our marketplace is going to see fewer vendors, better product integration, improved inoperability and fewer complicated license agreements for all of you to negotiate; in other words fewer hoops and hurdles for all of our customers around the world.

That suggests only a few of us will be able to deal with the growing challenges that you face, and it's my belief that those who are global in nature and well prepared will be able to handle that challenge.

Now one of the things about the security domain that we know is that the motive of the attackers is changing from notoriety amongst a small group of friends to geopolitical power today and in many instances financial gain. At Symantec we identify about 100 new viruses every week and we see about 48 new software vulnerabilities every week, and that vulnerability represents the gap between when someone discovers something and when it gets attacked. Once upon a time that gap represented six months. Today that gap is less than six days. Last March, the Witty worm attacked a vulnerability that had only been disclosed 24 hours before that. And we are clearly on the cusp of what we call day-zero attacks where the vulnerability and the exploit occur almost simultaneously.

As we are all well aware, cyber threats go well beyond malicious activity around worms and viruses. Today spam, spyware, phishing, identity theft and fraud represent the new face of cyber crime. Spam is turning out to be more than the great nuisance. I think Canada's own federal Industry Minister David Emerson described it best when he said, "A few years ago spam was a mild irritant; today it's become the cancer of the e-economy." Spam has become one of the most severe threats to individuals and businesses and today it represents more than 66 per cent of all e-mail traffic.

Phishing, which is spam's evil stepchild, is growing at an alarming rate. From September to October of last year the number of phishing sites, hence the opportunity to steal someone's identity or information that could be of value, doubled in one month. Disguising themselves as well-known, highly reputable institutions like CitiBank or eBay, phishers con unsuspecting consumers into volunteering personal information. In fact their hit rate is 5 per cent. Now that's five times greater than any physical catalogue campaign that a mass marketer would institute.

While the consumer is certainly a victim of this fraud perhaps the greater victims are the banks, the retailers or the government institutions whose brands have been unwittingly compromised and hijacked. Businesses must fight back against scams to protect consumers but also to protect themselves and their brands.

Finally businesses and government offices need to be prepared for both natural and manmade disasters so that infrastructure they are relying on can in fact carry the vital information for their industry. Even something as common as a server failure can have a serious impact on productivity and the profitability of a particular business.

Our own research suggests to us that it costs 10 times as much to recover from a single incident or a disruption than it does to prevent it. Our information is at risk, ladies and gentlemen, and the risk mounts with each and every passing day, as does the value of the information that's being targeted. Information is in fact the lifeblood of almost every organization today and it's worth more than the individual parts that store it, manage it or retrieve it or distribute it, combined. We rely on information to serve customers, doctors rely on information to render diagnosis for patients and utility companies rely on information to distribute energy. So, today, we truly do live in an information-based economy where data is not only the important currency as was suggested by Bart, it increasingly is the product itself. And that product is under increasing attack.

I'd like to share with you a simple story of how that is occurring around the world. Unleashed on January 25, 2003, just a little over two years ago, the Slammer Worm exploited a vulnerability in Windows-based operating environments that had been identified six months earlier. Slammer was aptly named. It slammed the Windows systems rendering them inoperable, doubling its infection rate every eight and a half seconds. It was the first of the so-called Warhol worms, a reference to Andy Warhol's famous quip about everyone having 15 minutes of fame. In Slammer's case it was 10 minutes. It infected 90 per cent of the unprotected servers in just 10 minutes worldwide. Airline flights were cancelled; ATM networks stopped working; whole businesses went down.

The mad dash began to quickly identify vulnerable IT systems and patch them and to make critical backup data sets available. Once Slammer hit, companies struggled to bring their businesses back on line. In some instances it literally took days. It was clear that companies didn't know enough about the IT infrastructure of their environments to take immediate action. They didn't have the necessary processes in place to recover from such a disaster. In the end, the damage exceeded $1 billion worldwide, according to Computer Economics. That's just the clean-up costs. That doesn't even begin to account for lost productivity or lost revenue, or more importantly lost customer trust or customer confidence. So an event like Slammer had a major ripple around the world. Indeed Slammer impacted the global economy in a way that no other single attack ever had and it didn't even carry what we in the trade call a malicious payload.

So what are the lessons that we learned from Slammer? What did Slammer teach us about protecting the information assets that are so critical to our economy? Well we learned that our view of security was far too narrow. We learned that we had to focus not just on protecting the device or the network but more on the information itself. Once the dust settled on Slammer, customers made it clear that we had to serve them differently. We had to protect their information differently. We had to make sure that it was not only secure but that it was available as well. Information that is secure but not available may very well be useless. It's like putting your valuables in a safe and then forgetting the combination all together.

Our goal is to strike the right balance between making information secure and making information generally available. Symantec has been helping customers solve this problem for quite a few years from our simple beginnings in content security to the introduction of our first integrated security appliances about three years ago. Our integrated security solutions have helped many of you, I believe, take cost and complexity out of managing your security environment. Now we need to look beyond cost and complexity to deal with the issues of compliance as well. And today we argue that it's more about an integrated infrastructure approach not just an integrated security approach. It's about seamlessly bridging the divide. That's an important phrase, "bridging the divide," between device management, systems management and network management across a disparate operating environment, because security as traditionally defined is no longer good enough. We're in a different game with different rules and far, far more stringent requirements.

Slammer showed us that even when we as security professionals did everything right, alerted our customers to the impending threat, updated signatures and definitions, and recommended a response, it just wasn't adequate. Traditional security wasn't then enough and today even integrated appliances fall short of some of the requirements that our customers have. They couldn't ensure that their business would stay up and running no matter what. Therefore new proactive technologies incorporated into the concept of an integrated security appliance will in fact help prevent some attacks but then the question becomes one of recovery.

Our researchers have been hard at work to stay ahead of the attackers and making the process of security far less costly and far less complex. But we must shift our game to offence, where we are driving the overall process of protecting critical information, not just responding to known threats or visible attacks. In other words we must take an approach to this far more proactive and far more holistic in dealing with the issues before information is compromised, stolen, affected or misused.

After Slammer we realized that to be a strategic partner to our customers we really had to take a more bold step. We had to connect external threat information that we have in our laboratories with internal knowledge that customers have about their operating environments. While an external early warning system is clearly a valuable asset and a valuable head start, if you can view into the horizon, it doesn't necessarily save all of your assets.

It would be like a hurricane brewing on the horizon where you know from the radar that it's on its way and you know that it's going to hit within a few hours. That's good to know you still need to get plywood and duct tape and take all of the necessary precautions to board up your windows. Now imagine, however, if the radar tracking a hurricane's progress could talk to your home, could in fact trigger the automatic activation of your hurricane shutters and the automatic activation of sump pumps.

To truly protect assets, we need to be able to act on external threat information and have that talk to the IT infrastructure and have it drive process and change. Let's imagine a scenario. What if an external threat could alert and trigger an internal audit? You could instantly identify the systems that might be vulnerable to an attack. Take it a step further. What if the external alert could tell systems to patch processes or applications in those vulnerable systems and automatically update those that are unprotected? What if external intelligence could prompt more frequent backups of critical data from an end-user device all the way up to the largest data centre in our mainframe environment? What if the early warning system could trigger the automatic fail over to a secure network environment and prompt the restoration to a trusted state once the threat level had passed? And what if all those actions could produce an audit trail to ensure your policies and processes were conforming to internal or external compliance requirements?

Now we could argue, and I think you would agree, that would be pretty useful. However, that might be challenging to implement. And so the question for Symantec after our analysis of the Slammer attack is: how do we start to work towards delivering that level of critical infrastructure protection? After Slammer, we realized that we needed to strengthen our portfolio in areas of asset management and storage management so that we could deliver that kind of solution to you around the world. By combining the unparallel capability that we have in security intelligence with the capability to understand what systems environments customers were wanting, we could take an important step forward in critical infrastructure protection.

So we made two simple acquisitions of little companies called PowerQuest and ON Technology. These were not security companies and many said I don't understand that. They specialized in data recovery, in client and server provisioning, in inventory and asset tracking, in software distribution and patch management; all critical items for managing the IT environment, but they're not security technologies. At that point we could offer both security and availability solutions with one small caveat; we could only do it in a Windows environment. And there is, to the best of my knowledge, certainly few, large enterprises that are Windows only. So to serve the needs of customers we certainly needed to have a far more comprehensive portfolio.

And it was out of that simple concept of how do we serve the needs of customers better that our merger with VERITAS was born. Pure and simple: it marries the market leader in security technologies with the market leader in storage and availability management. And it gives us depth of capability across every single platform being deployed by a large enterprise customer around the world. The new Symantec following the merger with VERITAS will serve the full spectrum of customers—from consumers to the largest government and commercial users around the world. We will operate at all tiers of the IT infrastructure and on virtually every single platform.

So let's take a look at an area where we think wonderful synergies between these two might come into play. Compliance is about understanding risk and developing strategies to mitigate risk. The compliance process requires protection and remediation technologies coupled with policy management solutions.

Symantec has many tools and services that can help information technology teams navigate their way through the growing thicket to ensure regulatory compliance, but an integrated solution also requires capability to ensure that the data is maintained and it is available at the data centre level all the way down to the individual PC level.

It also requires cataloguing and indexing of capabilities for discovery and retrieval. In some industries today the storage and retrieval of e-mail messages is almost as important as the banking or financial information about the company. Sure, you could cobble all of these together with various vendors, but getting them from one might certainly make the process simpler and less complex.

Looking at the information security needs through the eyes of a business executive today it's clear that there are heavy demands weighing on your agenda, all requiring immediate action. You need to reduce the risk of managing your information. You're worried about security and privacy and the availability of the data itself. You want to shield the information you safeguard from threats and you need to prove to regulators that you can produce accurate, auditable records upon demand. And as security and availability converge, it's my strong sense that your security teams will focus more on managing and mitigating risks as opposed to blocking attacks.

Already we are seeing the emergence of risk management groups with a far more over-arching responsibility for information management across the entire enterprise. It's in this space that we believe that there will be a redefinition of roles, a redefinition of the role of what security is performed and how security is managed across the large enterprise. No longer will we be the custodians of information security; we are the stewards, I believe, of the integrated infrastructure challenged with making them both more secure and more available.

The annals of commerce are filled with examples of companies who have transformed their model and in doing so transformed their industry. Perhaps a classic example that I'm familiar with is from the package delivery business. In 1998 UPS embarked on a transformation that was, as its CEO, Mike Eskew, described as radical as any it had done in its 97-year history. They no longer wanted to describe themselves as just being in the package-delivery business. No longer were they responsible for the pick-up and delivery of small packages. They viewed that they were in the global logistics and supply-chain management business. Its new charter was to enable global commerce, the flow of goods, information and funds all on an international scale.

Today, UPS acts as the fulfillment centre for Nike.com; it's the repair centre for Toshiba laptops; it even recycles many of the old discarded PCs that many of you may have got rid of.

I would argue that we're at a very similar juncture in the information security industry's life cycle. We are at the cusp of an enormous opportunity on the frontier for information technology. Our paradigm has shifted. Until today we chartered this frontier of the IT environment as security specialists. We patrolled its borders, we spotted threats and we alerted those at risk. It's time for us to do more. It's time for us to do more than raise red flags and block threats.

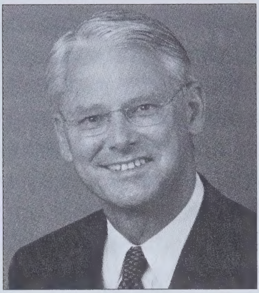
Integrated infrastructure management means addressing all forms of risk before they strike as well as after. It's about disaster recovery. It's about systems availability. It's about proactive protection of the entire infrastructure, especially the information. In the old paradigm we were only as good as the last update. In the new paradigm, sensors will prevent attacks. And when they can't, alerts will trigger a patch distribution and provisioning and backups so information stays secure and available, and information technologists stay focused on innovating instead of fighting fires.

In a world where our most vital and valuable asset, information, roams the Internet, where network walls no longer exist, where the threats to information are rampant and accelerating, the regulatory demands for security and privacy are incessant. We need to move beyond a security-only focus and stake out our place, I argue, in the information management category. But these are only the first steps in an ongoing journey. There's still more that we can do in expanding our role to managing systems availability. Network access and performance of applications must be a part of that critical mission, helping our customers manage and protect the content that rides over the Internet.

Leaders never follow and innovators see opportunities often where others don't. Fortune always favours the bold. Those who take proactive and comprehensive approaches to ensuring the integrity of the information and the resilience of the infrastructure in the future will, in fact, be the winners in the IT game. To get real value out of the information assets we truly must protect them. We must balance the needs of availability with the imperative for security, and we need to expand beyond the traditional borders if we want to effectively address both of those needs. At Symantec we intend to lead, we intend to innovate, and we intend to be the first movers so that we can, in fact, continue to be your trusted advisor.

I thank you so much for the opportunity to be a part of the Empire Club's event today and I thank you even more for your support and trust and confidence in our company. Thank you very much.

The appreciation of the meeting was expressed by Lou Natale, Director, The Empire Club of Canada.



March 9, 2005

A joint meeting of The Empire Club of Canada and the Canadian Club of Toronto

The Hon. Gordon Campbell

Premier, Province of British Columbia

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Robin V. Sears, Principal, Navigator Ltd. and Director, The Empire Club of Canada; Gillian Spiegle, Grade 12 Student, North Toronto Collegiate Institute; Chaplain Bruce Smith, King/Bay Chaplaincy, Pastor, Rock and River Congregation; Chris Godsall, CEO, Triton Logging; Paul Sparkes, Executive VP, Corporate Affairs, Bell Globemedia; Ian McIntosh; Senior Vice-President Public and Corporate Affairs, Scotiabank; The Hon. Ernie Eves, Former Premier of Ontario and Founder, Justin Eves Foundation; Heather Ferguson, President, The Hearing Foundation of Canada and Director, The Empire Club of Canada; Paul Flaherty, President and CEO, Northwestel; Tim Price, Chairman, Brascan Financial Corp.; Michael MacMillan, Chairman and CEO, Alliance Atlantis Communications Inc. and President, The Canadian Club of Toronto; and Ida Teoli, Senior Vice-President, National Markets, Bell Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the address of the tenth premier in the Empire Club's very special Premiers Speakers Series that continues throughout the season. Given our speaker today is the tenth, that means we expect to see three more premiers address us before the end of June.

As you know, we have invited all the First Ministers to come and talk to us about their Canada—today and tomorrow—and articulate what they see as the major challenges and opportunities for our country in the next decade.

Today, we have the pleasure of welcoming the Hon. Gordon Campbell, Premier of the Province of British Columbia.

He is the province's 34th premier, swept into office in 2001 with the largest majority in B.C. history.

And in doing so, Premier Campbell inherited a huge economic headache. It's a headache that in the recent provincial Throne Speech has turned into a "threshold of B.C.'s golden decade." And according to a special supplement in the venerable Globe and Mail on March 2, British Columbia has come a long and positive way since the premier took office.

Let me share with you just a few highlights I saw.

"The subcontinent is pumping out thousands of brilliant technology graduates... and the [BC] Lower Mainland is cashing in on their savvy and expertise..."

Or, this one:

"Take lower interest rates, falling taxes, a hungry China and soaring commodity prices and you have the recipe for a booming province..."

And try this on for size:

"For the first time in years, Prince Rupert has a legitimate cause to be optimistic about the years ahead" the Globe and Mail says... going on to explain the city wants to transform itself into a major and efficient container port serving ships from China and rest of Asia.

Now, I could read on from this supplement.

But I think the message is clear.

B.C. seems to be on a roll. As in: let's rock and roll for the good times.

And Premier Campbell, with his recent Throne Speech and budget, has set in motion a dream and a standard defining the future of his province.

He is looking to the east, to new and stronger business ties in a Pacific gateway that allows for better and bolder trading opportunities in both directions.

A former three-time mayor of Vancouver, Premier Campbell has faced and scaled many challenges. Throughout, he's stayed the course. He's faced adversity, and usually stared it down.

He's worked very hard to make what the rest of us Canadians affectionately, and with some measure of jealousy, call "Lotus Land," an ever-special place in our great and diverse nation.

Ladies and gentlemen, please welcome to our podium the Premier of British Columbia, the Honourable Gordon Campbell.

Gordon Campbell

It is great to be here, and I want to say thank you to Bart and the Empire Club for inviting me to come. I'm also very pleased to be here with Michael MacMillan and the Canadian Club, because I do want to spend a little bit of time here talking about Canada. I think lots of times that we forget how incredibly fortunate we are to live in a country like Canada.

I also want to take a moment just to recognize two of your premiers who are with us today. After I was elected in 2001, the first premiers' conference I went to was in Victoria and that's when I first met your former premier Mike Harris. When we talk about provinces and about regions of the country, it's easy for us to forget that actually most of us who are elected in public life do want to strengthen the country. At that meeting in Victoria, it was clear that Mike Harris was an advocate for Ontario, but I'll tell you this: he never forgot Ontario's role in Canada.

I'm also very pleased to be here with my friend Ernie Eves. Together we worked on trying to secure a new health-funding formula for our country. Without Premier Eves' leadership, without the drive that he brought to the First Ministers' meeting that we had with former prime minister Jean Chrétien, we would not have been as successful as we were. We still had work to do, but I can tell you Ernie Eves was a strong voice for Canadians and for improving health care for Canada.

Today, I've come to talk about my province, which has gone through some challenging times. But I think B.C. is on the verge of an exceptional decade of opportunity for British Columbians and also for Canada. We have shown that when you set out a plan, when you stay committed to that plan, when you execute that plan and when you build the plan on the basis of some fundamental values that we had as British Columbians and we share as Canadians, we really can exceed our expectations.

Our bid for the 2010 Olympics, for example, demonstrated the excitement of exceeding expectations—of setting a goal that may be a little higher than you think you could reach and then actually surpassing it. Of course, it means that you have to be clear about what your goals are.

We've set five goals for ourselves in British Columbia over the next decade:

1. We want to be the most literate, best-educated jurisdiction on the continent.
2. We want to be the fittest, healthiest jurisdiction ever to host an Olympic Games.
3. We want to be sure that we provide support to those who need our support, in a way that leads the country.
4. We want to be recognized around the world for sustainable economic development that takes advantage of and advances the incredible natural endowments that we have. We have a responsibility to husband those resources and steward them as we move ahead.
5. And we want to make sure that we have an economy that creates the most jobs per capita over the next 10 years.

Those are fairly ambitious goals, but we believe there is no reason why we can't accomplish them.

And I want to go back and just remind you of what we inherited in 2001. We inherited a province that was last place in economic growth in the country. We inherited a province that people were leaving to go to elsewhere in the country. People were actually leaving the province. They were leaving in search of opportunities. They were leaving because they thought there were more opportunities down the west coast in Washington or in California or to the east in Alberta or in Ontario. So one of our goals was to bring people back to British Columbia.

And things have now changed in B.C. Since December of 2001, we've been creating jobs faster than anywhere else in Canada—over 198,000 new jobs in the province. Investment is up. Most analysts say that our economy will be the second- or third-strongest economy in the country over the next year. And people are actually coming back to B.C.—a net gain of 10,000 people from the rest of Canada over the past two years.

We're now number one in housing starts growth in the country, and we're the only province where housing starts are expected to continue to grow this year. Energy investment in British Columbia has doubled since 2000. Investment in mining exploration has quadrupled since 2000. Our biotech industry is the fastest-growing industry of its kind in Canada.

In our recent budget, we provided for the largest single pay-down of public operating debt in the history of the province—over $1.7 billion. That's important, and you know, we have a great model right next door to us in Alberta. They've effectively eliminated their debt. We are not there yet, but we're coming.

When we were elected, we said we wanted British Columbians to know this: if you work hard in British Columbia, you can get ahead. You can keep more of your paycheque so you can make more of your own decisions about what you will do with your life. I'm proud to say that today, if you make $80,000 or less, you are paying the lowest level of provincial personal income tax of any jurisdiction in the country.

British Columbia is back. We are ready to go and we are ready to contribute to Canada. But as we do that, it is also really important that we understand what we actually face in the world. There are some significant social changes that are taking place, and it requires all of us as Canadians to look at those things and develop ways to deal with those issues in the long term.

One of the issues all the premiers and I have been struggling with is the challenge of aging. It's something we've known about for a long time and we have to shift the way we think about our society and respond to the challenge of aging in a way that actually allows us to provide for the services that people need as they get older.

That's one of the reasons that it was so important that we get a new health-funding formula in Canada. We can't do it by ourselves. It's not a question of saying we want more money for X or Y.

When I was in the airport yesterday, there was a headline on one of the papers screaming: "Premiers want more money." Holy cow! I'd never heard that before. "Premiers want more money." Don't get me wrong; we'll take more money. But what premiers really want is better service because Canadians want better service. There's no such thing as federal money and provincial money and regional money and local money and school board money and all the other kind of tax monies that we have. It's your money.

You spend your life earning your paycheque. We take about 50 per cent of that away. It's not a question of whether there's enough money being taken out of your paycheques or not. The question is whether we are taking those resources and putting them to the areas that are important to you and me, and whether we're maximizing the benefits or not and whether we're actually measuring whether or not those benefits are accruing to you as a taxpayer or as a citizen.

So the goals that we set for ourselves are important in terms of establishing in our public institutions what we actually have come together to accomplish. And that means we have to make institutional shifts. We have to be willing to change the way we think.

Let me give you a quick example from today. When Bart introduced me, he said B.C. is looking to the east. The Asia-Pacific is actually west of us. How long have we all called it "the Far East"? Why do we call it the Far East? Because I can tell you, from British Columbia it's the near west, and from British Columbia that near west is an enormous opportunity.

There was a survey done of Canadians, coast to coast to coast. Thirty-two per cent of Canadians believe that Canada is a Pacific Rim country. Seventy per cent of British Columbians know that we are in a Pacific Rim country, and the other 30 per cent have just come from the rest of Canada. The fact is we are a Pacific Rim country, and Canada better open up its eyes to that fact or we're going to lose a huge opportunity.

When I went to school, we learned about exploration from Europe. We learned about France, and we learned about England. We learned about what was taking place across the Atlantic—hardly anything about the Pacific. We heard about Captain Cook, and Captain Vancouver if you lived in Vancouver, and a little bit about the Russians up in Alaska. That's the sort of thing you learned—right? We didn't learn very much about what was immediately across the ocean from us.

Last week I was at a conference in Vancouver called Going Global. There was a great big map behind me. Here was British Columbia—way over here on this edge of the map. The whole rest of the world travelled to the east; we need to shift that perspective. It's just like aging, if you think about it. We know this is happening. The question is: can we embrace the fact that it's happening? Can we engage with the fact that it is happening?

The fastest-growing economy in the world is China. The fastest-growing middle class in the world is India. They are to the west of Canada, and there is only one Pacific province in Canada—and that happens to be British Columbia. If we want Canada's economy to embrace the opportunities of the Asia-Pacific, British Columbia is going to have to be a big part of that.

When Ralph Klein and I met, one of the things he said was that the port of Prince Rupert is a critical Pacific gateway for western economies and for Alberta. You talk to Albertans. They will talk to you about their wishes for the port of Prince Rupert, and that's what they should do. What are Canada's wishes for our province, for the Pacific opportunity?

It doesn't mean you ignore the Atlantic opportunities and Europe. It certainly doesn't mean we don't continue to maintain and enhance our relationships with the United States. But if we want to balance out some of the challenges we face on softwood or BSE or other things, we'd better have some other markets and some other customers than the United States.

I can tell you this: China is waiting for us.

And one of the great things about our country is that we actually celebrate our diversity. We don't just tolerate it; we don't just put up with it; we celebrate it. The largest lunar new-year celebrations outside China are in British Columbia. We have significant proportions of our population that are directly connected through their families, through their homes, through their traditions, through their culture, back to those Asian-Pacific countries. That's a huge asset.

Let me give you a quick example of how that reflects on all of us. Most of us in Canada are pretty excited about the fact that we won the 2010 Winter Olympic Games. I remember coming here and actually asking for support in Ontario and encouraging Ontario corporations to get involved with us. We've seen that involvement across the country—real excitement. I came back from being awarded the Olympic Games in Prague, and we celebrated in Vancouver, and I immediately got on a plane and flew back to Prince Edward Island for a premiers' conference meeting. The first thing the cabbie said to me when I got in the cab was: “Isn’t it great we won the Olympics?” This is Canada’s Olympic Games.

When the evaluation committee came to Vancouver, they looked at the site, and they said: “This is great.” They said it was spectacular. They said: “Boy, I’d love to live here.” They said, “My God, this is the best place on Earth.”

But you know what really impressed them? We had an event at the Queen Elizabeth Theatre to showcase our multiculturalism in Canada and in British Columbia. The vibrancy of that event and their sense of connection and their sense that any athlete, from any country in the world, could come to Canada and would be doing their best because they would be made to feel at home, convinced them this was a place they wanted to host an Olympics. That is the power of diversity, and that is a power we should be developing in Canada as we move into the decade ahead.

As we look to Asia-Pacific from B.C., I am asking Canada to look to the future in the Asia-Pacific. In B.C., our major export customers after the United States are China, Japan, Korea and India. There are real opportunities there for us. To tap those opportunities, we have to open up our ports. We have to invest in partnership. This is not a question of saying: “Could we please have more?” It is a question of investing more, for sure. The province will do that. The private sector will do that. The federal government, I believe, will do that.

We need them to open up not just our ocean ports but also our airports. We need not just to have people be able to land from China in Montreal. They have to land in Vancouver. We’re hoping they’ll be able to land in Cranbrook, in Kamloops.

We want to continue to improve our rail infrastructure and our road infrastructure and our container infrastructure in Greater Vancouver, because we want Canadian customers to be able to deliver their product to the marketplace. In British Columbia today, 25 per cent of our exports go to the Asia-Pacific. In Ontario it's 2.4 per cent. So we want to make sure that we maximize Canada's economic opportunities and maximize the benefits of each of the regions of our country.

I know that there's lots of chat right now about equalization. There should be an equalization program, but every program doesn't need to be an equalization program. We want all of the regions of our province, of our country, to thrive. British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, the Maritimes: we want all of those parts of the country to thrive, to create opportunities, to create jobs, to have a great education system, to have a health-care system that people can count on and to give our kids a sense of hope about what they can do in their part of the country.

Because at the end of the day I think that we're talking about what we can do for the next generation of Canadians. What can we leave them? What can be our legacy to the next generation? I think our legacy can be to unite ourselves around some common goals and objectives. It can be to raise our sights up above the difficulties of day-to-day administration and say, "What can we imagine our country can be?" and how we take the disparate parts of our country and bring them together as a unified and unifying force that drives us forward to create an even better future. How do we create a better quality of life for every Canadian, regardless of their background?

We can do that. We can do it by investing in education. We can do it by becoming the most literate country in the world. And let me just say this: it is unacceptable in our country that over 30 per cent of the adults in Canada have difficulty reading. That's unacceptable. We can't accept it as a country. It's unacceptable in a country like Canada that we can't invest in providing for the long-term benefits of our children.

And the power of a strong economy allows us to focus on those things. For example, in B.C. we have launched a new vision, hearing and dental screening program for kids under age six. We know that if we test for that and deal with it early, they will have a better, healthier life. We should do it. We can afford to do it. We have to decide to do it.

In Canada today there are only three provinces with universal pharmacare plans—only three. Ours is very good in British Columbia, but are you happy in having a country where some people don't have that support? Are you happy that there are some parts of the country where kids don't get immunized against things that we know they can be immunized against? A national pharmacare plan actually would allow us to make sure that every young child in Canada can be immunized. We just need the will, the vision and the commitment to do it.

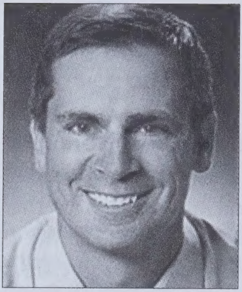
I come from a great province. I love British Columbia. I love the opportunities it presented me as a person. I wanted to present that same opportunity to the citizens that we have in British Columbia. I've lived in British Columbia most of my life. I spent four years in the United States going to school, and then I spent two years in Nigeria, teaching with an organization called CUSO. And it's probably that two years in Nigeria that made me recognize how fortunate I was to be born a Canadian.

We were given an exceptional gift by those who came before us: the gift of citizenship that allows us to decide where we want to go, what we want to do and how we can bring together the positive energy and the values that we share as Canadians. It's with that gift of citizenship that we can craft and shape a future that we can be proud of for the next generation of Canadians.

So today I ask you to imagine what you want your country to be, imagine the example we would like Canada to set, and then join with me and with others in public life as we pursue those goals. We know if we set our standards high, if we allow ourselves to dream a little, if we set our plan in place and we pursue that plan relentlessly, we will achieve it. We will set an example that the rest of the world can follow.

And I want to leave you with the words of someone who was at that Olympic meeting in Vancouver where we celebrated Canada and our diversity. He said this to me: "Canada is what the rest of the world would like to be. It reflects how the world can be." I think today that's true. I think we can even make it more true as we tap into the generosity of spirit of Canadians, as we take the tools that have been given to us, and as we focus on creating a decade ahead of us that's not just full of opportunity but that reaches for a dream that the rest of the country wants to follow. We live in the best country in the world. Let's continue to improve on it. Thank you very much.

The appreciation of the meeting was expressed by Michael MacMillan, Chairman and CEO, Alliance Atlantis Communications Inc. and President, The Canadian Club of Toronto.



March 24, 2005

The Hon. Dalton McGuinty

Premier, Province of Ontario

MY CANADA—TODAY AND TOMORROW

Chairman: **William Whittaker**
1st Vice-President and President-Elect,
The Empire Club of Canada

Head Table Guests

George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada; Michael K. Bosompra, Honour Role Student, North Toronto Collegiate Institute; Mimi Lowi-Young, Vice-President, Central Canada and Executive Director, Ontario Division, The Canadian National Institute for the Blind; Len Crispino, President and CEO, Ontario Chamber of Commerce; Paul Davidson, Executive Director, WUSC (World University Services of Canada); The Rt. Reverend Colin J. Johnson, Bishop of The Anglican Diocese of Toronto and Honorary Chaplain, The Empire Club of Canada; The Hon. Perrin Beatty, President and CEO, Canadian Manufacturers Exporters and Former Federal Minister, Government of Canada; John A. Campion, Partner, Fasken Martineau DuMoulin LLP and Past President, The Empire Club of Canada; Brigid Murphy, Board Chair, The George Hull Centre for Children and Families; Mark Rochon, President and CEO, Toronto Rehabilitation Institute; Carolyn Tuohy, PhD, Vice-President, Government and Institutional Relations, University of

Toronto; and Michael Sabia, President and CEO, BCE Inc. and Bell Canada.

Introduction by Michael J. Sabia

Good afternoon everyone!

First of all, a word of thanks to the Empire Club for bringing each of Canada's First Ministers to this podium.

It is an important forum that offers a wide range of views. A national perspective. A literal tour d'horizon, stretching from B.C. to Nunavut to Newfoundland and Labrador. An unprecedented view of our country from those who shape its course. From those who are spurred by the challenges of public service. Spurred by the opportunity to lead. Leaders like Premier Dalton McGuinty who joins us today.

Now many of you will know that the premier represents the provincial riding of Ottawa South—a riding once held by his father of the same name, Dalton. But it doesn't stop there. The premier's brother, David, is the Liberal member for the same riding federally.

It reminds me a bit of those great dynasties in Victorian England, where families would pass ridings down from generation to generation. For the McGuintys, "all in the family" wasn't a TV show; it was the family motto.

And consistent with that motto, after the premier's father passed away, the family got together to decide what was to be done—who should run provincially. Dalton, the patriarch namesake, was not the oldest, so his claim was not the strongest. But he did demonstrate real political acumen in marshalling the argument that had no rebuttal and that carried the day. "We have," he told his family, "a garage full of signs with my name on them."

And so, in 1990, it was the current edition of Dalton McGuinty who ran and won in Ottawa South. But his timing was a few steps short of perfect. The Liberals went from 95 seats to 36. And the NDP formed the government—led by our fellow head table guest, Bob Rae.

But within six years, Mr. McGuinty was elected leader of his party and, in 2003, became the 24th premier of Ontario.

Today, I understand that the premier will address Ontario's role in the life of our country. It's a good subject.

Throughout our history, that role has been unique. And Ontario premiers have always had a special responsibility. To promote not only a provincial agenda but to provide national leadership. To see Ontario not only as an engine of economic growth, but as a force for national unity and an agent of national purpose.

Ontario premiers have always understood that a country is more than the sum of its parts, but that it is only as strong as all of its parts.

Today, that challenge is very real in the face of new and growing pressures. A federalism that is evolving. Trade patterns that are changing. A world that is shrinking. A population that is aging. And pressures on our education system increase. It must be among the best in the world—if we are to compete and win.

In such times, an Ontario that is only getting by makes it much harder for the country to get ahead.

Premier McGuinty and his government have set out an ambitious agenda to improve the skills, the health, and the prosperity of Ontarians. A plan that recognizes that opportunity can never be fully shared until it is fully accessible.

A final word. The premier comes from a family of 10 children. While you can draw your own analogies, I think it is safe to say that this is someone who really understands what it is and what it takes to get one's "fair share."

Ladies and gentlemen, it is a pleasure for me to introduce to you the Premier of Ontario, the Honourable Dalton McGuinty.

Dalton McGuinty

Thank you very much Michael for your very kind and generous introduction.

Distinguished guests, ladies and gentlemen, thank you so much for this opportunity. I cannot begin to tell you how privileged I feel on behalf of Ontarians, 12.4 million strong, to be here today and to speak as one in a series of Canadian premiers about the position we feel that we occupy in this wonderful federation. And the fact that you are here in such good numbers and that you have removed yourselves from your immediate and I'm sure very pressing responsibilities and that you're sitting there patiently waiting on my every word confirms something for me beyond a shadow of a doubt. You have never heard me speak before, have you?

I want to begin by congratulating the Empire Club on its initiative—bringing together all of our premiers. It seems to me that the more Canadians understand each other the stronger this great country of ours will be. And that brings me to what I want to talk about today—Ontario's role in building a stronger Canada.

I'm going to do three things. First I'm going to take a look back at Ontario's history within Confederation. I'm going to offer what I believe is a clear-eyed view of where things stand today. And finally, I'm going to present a vision of our shared future.

Let me start though by telling you that I am a proud Canadian and a proud Ontarian. I see Ontario and Canada as inseparable. My province is more than a part of my country. It is the heart of my country. It always has been. The Province of Ontario was created in 1867 at the time of Confederation. Before then it was known as Canada West and before 1841 as Upper Canada. Through the national policy, the Depression and two world wars, Ontario's industrial base grew, as did its role as Canada's economic engine. With the introduction of equalization, medicare and the social safety net, Ontario also solidified its place as the heart of Canada.

Many things have changed in our country and our world. Because of free trade, today Ontario exports are more likely to run north-south, than east-west. Because we live in a global economy we tend to compete with jurisdictions a world away, as well as the province next door. Because this is the new knowledge-based economy, our capacity to grow is measured more by the strength of our work force than by the size of our factories.

But two fundamentals have not changed. This is still the economic engine of Canada. Ontario accounts for 39 per cent of the country's population, 40 per cent of Canadian employment and 42 per cent of the nation's GDP. And this is still the heart of Canada.

Canada's compassion is fueled in large measure by Ontario's wealth. Your tax dollars help pay for training in Sydney mines in St. John's, surgeries in Montreal and Regina, and post-secondary education in Whitehorse and we're proud to do it. When a child desperately needs care for that rarest of illnesses, there's a good chance that child will come to Ontario, either to Sick Kid's here in Toronto or the Children's Hospital in Ottawa.

When there was a threat to Canada's unity, busloads of proud, passionate flag-waving Canadians assembled right here in Ontario and we delivered a clear message to our friends in Quebec. Ontarians have a strong sense of their responsibility as Canadians to Canada. When there's a need, our job is to help fill it. When there's a dispute, our job is to help broker a solution. When there's a call for leadership, we feel bound to provide it.

Now I know that all Canadians from coast to coast to coast care about their country and their countrymen. We Ontarians by no means have a monopoly on patriotism, but I do believe that it is fair to say that Ontario has been and Ontario remains the heart of Canada, just as it is fair to say that Canada is the soul of Ontario. No group identifies more closely with Canada than do Ontarians. We are so proud of this country we sometimes forget to celebrate our province. We are so sure of our Canadian identity that we sometimes struggle to define what it means to be Ontarian other than the fact that we are, well, Canadian.

Canada and Ontario. Ontario and Canada. We are one in so many ways. I stand before you as a living, breathing example of this duality. I grew up in Ottawa, Ontario's second-largest urban centre and Canada's capital. My mum was a francophone in Northern Ontario, my dad an anglophone of Irish descent from the Ottawa Valley. Dad would take us to Parliament Hill on Canada Day. He won a seat in the provincial legislature come election day. My brother David sits in the House of Commons and I am privileged to serve Ontarians as their premier.

My kids would no more choose between their province and their country than they would choose between the love they feel for their mother and the love they have for their father. Nor would I ask them to do so because they are Ontarians. That's who we are. That has remained true over the decades, whether we are descendants of the Empire, immigrants from the Commonwealth, or citizens of the world who have chosen to call Ontario home. I'm privileged as Ontario's premier to serve as head of the Council of the Federation. That's a place where provincial and territorial leaders come together to talk about issues that matter to all of us as Canadians. We Ontarians are proud to play a leading role in national dialogues as we are proud Canadians.

Now that is not to diminish the fact that there are strong centripetal forces that pull at our attachment to Canada. The high tariffs on east-west trade in manufactured goods and raw resources are gone. While we still value our trade with Quebec we do far more trade today with Michigan. In 2001, for example, Ontario's trade with Michigan was worth $92 billion. That year it was an estimated $37 billion with Quebec. Over the years Ontario governments of all political stripes have faced a series of fiscal shocks from the federal government—from cuts to freezes to caps on transfers—and the reaction to those shocks has helped create a growing divide in federal-provincial relations. Now the combination of these forces have led some to conclude that Ontario and Canada are growing apart and that Ontarians don't want Canada to be number one as much as we want to look out for number one.

Well let me say categorically that I do not agree with this view. Despite the forces that would pull us apart I still believe in the even stronger forces that will keep us together. I believe that Ontario and Canada can and must grow together, not only because Ontario is commissioned by its special history to play a leading role in Canada, but because we are compelled by our future to do so. The longer that I'm premier the more I am convinced that this is true. Let me give you just three reasons why.

The first is health care. Medicare. This is a Canadian idea, a national program and one of our defining characteristics and it is absolutely central to Ontario's prosperity because it is also one of our greatest competitive advantages. It costs far less to produce a car north of the border than it does in the U.S. because of medicare. I recently met with Rick Wagoner, the CEO of GM, and we didn't talk as much about cars or even trade as we talked about health care. The number-one issue facing employers south of the border is the soaring cost of private health-care insurance. It is no coincidence that Ontario has been so successful in attracting auto-sector investment and I'm proud that our government in co-operation with the federal government has played a positive role. Through Ontario's strategic use of our automotive investment fund, we have leveraged a $1-billion investment from Ford and an additional $2.5 billion from GM. I know that our medicare advantage also tipped the competition for those investment dollars in Ontario's favour. To preserve medicare and to help it evolve so it offers both quality and affordability over the long term, we need a strong Canada led by a strong central government.

The second reason why I believe Ontario's future is tied to Canada's future is immigration. I recently attended the World Economic Forum in Davos Switzerland and one of the leading topics of discussion was immigration. Today immigration is recognized as being something much more than a moral imperative. It is a powerful economic strategy. With populations aging, skill shortages growing and birth rates declining, it is essential to recruit and retain highly educated and highly skilled immigrants. In fact jurisdictions the world over are engaged in a race to attract the best and the brightest. And in this race we here in Ontario are in the lead. We have that lead because of the opportunities Ontario offers and because of the ethos Canada represents. The best and the brightest are looking for more than just good jobs. They are also looking for a safe secure home, a place where they can live in peace and prosperity, where they are free to be themselves without persecution, where respect for differences is the order of the day and where everyone not just a privileged few gets a chance to succeed. They want a place, for example, where you are free to do stem cell research and where the colour of your skin and your sexual orientation just don't matter. Ontario is in the lead in that race, a race to attract the best and the brightest, not because we are distancing ourselves from Canada in the eyes of the world, but precisely because we are the heart of Canada in the eyes of the world.

The third reason that we are compelled by the future to lead Canada is the need to develop our greatest asset—our people. In a world where automation is replacing roadwork, where communications technology greases the wheels of global outsourcing, and where there will always be another place where people will settle for lower pay and lower standards, there's only one sure way to build a thriving sustainable economy. We need to build the best-educated most highly skilled work force. We need to attract the best teachers and the leading academics from around the world. And again they choose Canada as much as they choose Ontario.

But there is something else that has been happening here for a long time now. Ontario has been seen as the land of opportunity not just for new Canadians but for Canadians born in other provinces. Take a look around you. I doubt there are many tables in this room today that do not contain a Canadian or two born and raised in another part of Canada; Canadians who chose Ontario as the place to fulfill their dreams. It makes me immensely proud to lead a province that is such a magnet for talent from all over Canada and around the globe. We're going to build the work force not by isolating ourselves from Canada but by capitalizing on all that Canada has to offer the world as well as all that Ontario has to offer Canada.

I could give you more reasons why Ontario and Canada can and must go together—energy, the environment, culture and transportation, to name just a few. But here's the bottom line. Canada's reputation is our reputation. Our strength is Canada's strength. And it is in this particular context that I've been talking about the $23-billion gap. That's the gap between what Ontarians give the federal government in taxes and what they get back. To put another way, $23 billion is the amount Ontarians give to the federal government for distribution in the rest of the country. I'm talking about the gap, not because Ontario wants to weaken its ties to Canada, but because Ontario must be strong enough to serve Canada. Just as we are proud to be Canada's economic engine, we're also very proud to be its heart. We want to contribute to social programs across the country, but to share wealth you must first generate wealth. The gap has grown so much over the last 10 years, from $2 billion to $23 billion, it now compromises our ability to invest in Ontario's future prosperity. That's the prosperity that our country depends on.

I talked a moment ago about medicare. We want Ontario to lead the nation in health-care reform. That's why our tentative agreement with our doctors will encourage new innovative ways of practising medicine including a greater focus on prevention. But it is tough to fund reforms as well as maintain services when Ontario ranks ninth out of 10 provinces when it comes to federal funding of health care. That's nine out of 10.

I talked of the importance of immigration. Over the past three years Ontario has attracted 57 per cent of the country's immigrants but just 34 per cent of federal funding for their settlement. I ask you: "Is that fair? Is that smart?" We know that we need to quickly integrate these immigrants into our economy for the good of Ontario and Canada.

I spoke of the critical importance of building the best-educated and most highly skilled work force. Well Ontario, Canada's economic engine, now ranks tenth out of 10 provinces when it comes to university funding. It doesn't make sense, not when we are sending $23 billion to the federal government to support higher levels of funding in all the other provinces. How can we continue to lead the country when it comes to generating wealth when we lag behind the nation when it comes to investing in our future prosperity? In his very solid report on post-secondary education, Bob Rae said that we need to invest another $1.3 billion in our universities just to bring our funding up to the national average. Well we intend to bring some life into that report in this spring's budget, but the $23-billion gap is restricting our ability to do what we know needs to be done for the good of Ontario and for the good of Canada.

I'm talking about these things because they are essential to Ontario's future and Canada's future depends on Ontario's. We need to narrow the gap so we can make the investments that we know we need to make so we can generate the wealth our people deserve and our country depends on.

Now I know that some of my friends in the federal government are a little taken aback by my insistence that Ontario be treated fairly. Some believe that it is somewhat unseemly for an Ontario premier to even raise this kind of issue as if Ontario's role in Confederation is only to supply fairness, and never ever to seek it. Well, as you can tell, that is not a perspective I share. My responsibility, as the person privileged to serve Ontarians as their premier, is to advance any cause, make any claim, and demand any concession that helps strengthen my province and my country.

Now let me be very, very explicit. I will never sacrifice my country but I will always stand up for my province, because my province is the heart of my country and I want that heart to be strong enough to face the challenges and vibrant enough to see the opportunities of the 21st century. I want that heart to be strong enough to lead

Canada, a Canada that is stronger, more prosperous and more united than ever before. I want a Canada that can take on the world and win. I want a Canada that continues to be the envy of the world. So, my friends, I'm inviting you to join me in this campaign for fairness, to serve our country by strengthening its heart. Remember this. To lead—that is Ontario's role. That is our history and that is our shared destiny.

Thank you very much.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Past President, The Empire Club of Canada.

Sylvia Morawetz, Principal, S.A.M. Solutions and Director, The Empire Club of Canada and The Hon. Dalton McGuinty, Premier of Ontario.

March 31, 2005

Dr. Lorna Marsden

President and Vice-Chancellor, York University

Dr. Rick Miner

President, Seneca College

COMMENTS ON THE RAE REPORT AND POST-SECONDARY EDUCATION

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Diana Conconi, Senior Vice-President, Fleishman-Hillard and Director, The Empire Club of Canada; Kimberly Jusek, Grade 12 Student, Riverdale Collegiate Institute; Rabbi Perry Cohen, Facilitator, Teacher and Author; David Cooke, Chair, Board of Governors, Seneca College; Marshall Cohen, Chair, Board of Governors, York University; Ian Clark, President, Council of Ontario Universities; David L. Lindsay, President, Association of Colleges of Applied Arts and Technology of Ontario and Director, The Empire Club of Canada; and Leslie Church, Rae Task Force Member and University of Toronto Faculty of Law Student.

Introduction by Bart Mindszenthy

Ladies and gentlemen, the Honourable Bob Rae last month delivered to the Premier of Ontario a report and recommendations regarding post-secondary education in the province.

Mr. Rae and his seven-person advisory panel received more than 800 submissions and more than 5,500 people in 15 communities were involved during the course of 10 weeks late last year. They were part of 21 roundtable dialogue meetings and 17 town hall meetings.

And in addition, Mr. Rae held sessions with Aboriginal leaders, those with disabilities, and financial aid administrators.

So clearly, the views of Ontarians were heard, and Mr. Rae and his team gave the issue and challenge of excellence in higher education a lot of thought.

The result is his report—an eminently readable, seemingly well-reasoned, albeit demanding and expensive roadmap to explore and act upon.

The first short but forcefully focusing paragraph of Bob Rae's introduction sets the stage... draws the line in the sand. He says: "Education matters. It matters for each of us as individuals. It matters for our society and our economy. Yet higher education has not been the public priority it should be. The picture that the public has of our colleges and universities is a relatively benign one. The result has been benign neglect.

"Higher education must be a high priority. This simple statement underlies all that follows."

Today, we have the pleasure of welcoming two people who are highly qualified to reflect and comment on the Rae Report and its implications—Dr. Marsden from the perspective of universities and Dr. Miner from the perspective of colleges.

Just think of it—Marsden and Miner. The ultimate M&M.

Each will address us for about 10 minutes. I am going to introduce them more formally now and ask Dr. Miner to follow Dr. Marsden, so that we will have an uninterrupted flow of shared thinking.

Dr. Lorna Marsden earned her bachelor of arts from the University of Toronto and her PhD from Princeton University. She joined the University of Toronto in 1972, where she lectured full-time in the Department of Sociology and carried out administrative duties until her appointment in 1984 to the Canadian Senate.

Dr. Marsden continued to teach part-time until 1992, when she resigned from the Senate to become the President and Vice-Chancellor of Wilfrid Laurier University. In 1997, she assumed her current position as President of York University.

Dr. Rick Miner earned his bachelor of arts in history from Gettysburg College, an MBA from the University of Utah and a doctorate in management from the University of Minnesota.

Dr. Miner assumed the presidency of Seneca College in 2001, after serving as the Vice-President, University of New Brunswick, St. John for seven years.

From 1978 to 1993, he served in various administrative positions at Saint Mary´s University in Nova Scotia, and also held faculty positions at other Canadian universities.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada first Dr. Lorna Marsden followed by Dr. Rick Miner.

Lorna Marsden

Mr. President, distinguished guests, ladies and gentlemen, thank you for inviting me to be part of today's discussion. It is a pleasure to be here with my colleague, Dr. Rick Miner, President of Seneca College. Rick and I share many common interests including students who are enrolled in our joint programs and a building on York's Keele campus. In all 18 Ontario universities, there are close links with the Colleges of Applied Arts and Technology, but at York we are pleased to have a 27-year history of shared students and programs with Seneca.

At present, York University has nearly 50,000 students. If you had asked me a year ago what I thought was needed to launch these incredibly gifted, optimistic, energetic students onto the next stages of their lives I would have listed three requirements:

- First, a better quality of education, including more access to highly qualified faculty, more research projects and other academic resources;
- Second, a much better system of financial support that recognizes that students are no longer only full-time students, single, fun-loving and with few responsibilities but is sensitive to the new demographic of students, their realities and particularly urban students;

- Third, a richer academic life outside the classroom including more international exposure, more community involvement and more campus life for commuting students.

Above all I would have urged governments—municipal, provincial and federal—to pay much, much more attention to post-secondary students and their education; to recognize the seed corn role that university graduates play in so many fields that are crucial to the future of our society: their command of cultural sensitivities based on the study of history, languages, politics, law; their creative work in engineering, design, scientific research of all kinds; their practice in debate, argument, evidence; the breadth of their experience with a wide variety of people, in formal organizations and in the voluntary sector. To think just how much we rely on university graduates to lead, to negotiate, to administer, to heal, to protect, to perform and to advance our society and our cultures in all their aspects.

It is not by accident that both applications and enrolments in universities have been growing in Ontario way beyond the spaces needed for the double cohort. Students and their families know that a university degree improves the quality, the length and the rewards of their lives.

And yet, in Ontario, we have been letting our students down badly. Among Canada's provinces, we are 10 out of 10 in per-capita funding of universities, and have been for some years. Our student grants have been replaced by loans. Highly talented faculty have fled to other jurisdictions with better research facilities, smaller class sizes and greater public interest in their work. Ontario universities—all 18 of them, from the northern institutions to the GTA, from the small residential universities to the huge commuter institutions, from the faculties of nursing, engineering, medicine and law to the faculties of education, arts, and fine arts—have deteriorated while the country and the province have been frozen in the headlights of debt and deficit reduction and health care.

So the appointment of former premier Bob Rae in 2004 by Minister Mary Anne Chambers was something of a miracle for us. Our government cared enough to have a highly experienced individual, sitting with a most distinguished panel look hard at what was happening—and to report in a short timeframe. Mr. Rae did this. He listened attentively. He argued vigorously. He vowed to be pragmatic and make recommendations that would bring change. He has—and we are very grateful.

The report is a good one and a good read. He makes a cogent case for better funding to keep up the strength of faculty and facilities for study. He is attentive to the needs of students under-represented in today's universities—Aboriginal students, francophone students, students with disabilities, first-generation students and northern and rural students. He makes an excellent detailed case for more and better funding for all students and for restoring the Ontario Student Opportunity Trust Fund—a plan of matching grants from those generous citizens who donate to scholarships and bursaries. He emphasizes the urgency of creating more graduate studies places because the double cohort will be looking for professional and graduate school places next year; because the research shows that graduate degrees have major benefits for our economy.

Now we are awaiting the budget of the Province of Ontario and a response from the Government of Canada. Will our governments give students hope for an education that makes them competitive in the North American and global economies?

Because that's the objective: to be able to help those with really good minds develop those minds to compete anywhere and in any field—from international aid and development to growing hedge funds on Bay Street and Wall Street; from global climate change science to the study of Mars; from stage lighting at La Scala to co-operative marketing in Iqualuit; from teaching in primary school to teaching at the Sorbonne. Our students are as bright as any in the world; they have the capacity to have the most amazing lives and careers. We must not slow them down.

The Rae Review is a good read. I commend it to you. We hope that the budget of Ontario and the responses of the Government of Canada will be as good a read. I urge you, I appeal to you, to listen to that upcoming budget with an ear to a long-term plan for post-secondary education, a reorientation of spending to invest in students, and a commitment to work with other levels of government to drive additional opportunities for the rising generations.

In 2009, York University will celebrate its 50th year. In that year, we hope—we believe—that the impact of the Rae Review will have been realized: that our faculty will be even stronger, that our interdisciplinary commitments will be realized for what they are—important to our students and the communities in which our graduates will work and live; that Ontario universities will once again be competitive not only across Canada but around the globe and that we will be setting a very high standard in the minds of the students we graduate, in the research we carry out and offer to the world, and in the contributions we make to every community in this province.

Rick Miner

Thank you very much Lorna and a special thank you to the Empire Club for allowing us to speak to you today on what I think, we both believe, is the most important public issue that will be decided in Ontario this decade.

It's always a pleasure to share the stage with Lorna Marsden. As Lorna indicated, our two institutions, Seneca and York, have had almost three decades of a high level of co-operation and in fact we have become the model for many other college and university partnerships across Ontario.

And like Lorna, I have come here today with a message of supply and demand—the increasing demand for skilled workers and the painfully inadequate supply of financial resources.

Ontario ranks first in Canada in terms of the demand for skilled labour; we rank dead last in terms of the resources that have been provided to colleges and universities.

Unfortunately, the gap is widening and it threatens the future prosperity of Ontario and its people. With 80 per cent of new jobs requiring a post-secondary education, and only 52 per cent of our youth having obtained those qualifications, we've got a problem.

It would be easy for me to stand here and quote a whole list of disturbing statistics like the ones you saw in Bob Rae's review. However, I have not come here to talk about numbers. I did not come here to talk about reports. I am not here to plead on behalf of institutions. My focus today is the same one our colleges focus on daily—and that is people.

It is the youth coming out of high school and the workers coming back to upgrade their skills and knowledge; it's they who will drive our economy, treat us when we are ill, build and repair our homes, solve our IT problems, and invent our new technologies.

Our future prosperity and the quality of our life depend on them. They are not numbers. They are not statistics. They are people.

Fortunately we have many of our students with us today, some of whom I would particularly like to acknowledge. For these students represent the tens of thousands of them that our association cares so passionately about. People like Karen Kejick. Karen attends Confederation College in Thunder Bay.

In more remote areas of the province, especially in our Aboriginal communities, opportunities for attaining post-secondary education are limited, but the skills shortage is just as acute in the North as it is in the South. Our colleges try to fill that gap.

Confederation would like to have even more students like Karen, but providing wider access comes at a price. The college had to suspend or cancel 10 programs last year to balance its budget. They had to trade one kind of access off for another. Because they just didn't have the resources to do both.

Underfunding means fewer Aboriginal students, fewer programs and less access for people who should have a chance. We make great efforts to provide access in Ontario regardless of people's age, location and background. But we need to do more.

Then there are students like Wendy Bromley-Cyr. Wendy is from Sudbury. Wendy has not allowed a hearing disability to prevent her from pursuing her goal of working in the social services field.

Every one of our colleges has special needs facilities to provide support to students like Wendy who face special challenges in reaching their education goals. Without the support provided by Cambrian College, Wendy would not have been able to pursue her dream.

There are thousands more students like Wendy, but we simply cannot accommodate them all. Cambrian had to put off hiring a full-time librarian for the ninth year in a row in order to have the money to support programs like the one Wendy used. A college without a full-time librarian? Those are the kinds of tough choices that inadequate funding forces us to make.

And it is not only special needs students that stretch our capabilities. About half of our students are already in the labour market and come to college for extra skills and knowledge. They are a tremendously diverse group of students with special needs, special challenges, special hopes and special dreams.

The other half of our student population comes straight from high school, looking for the tools they will need to succeed in the work force, and the personal satisfaction and growth that comes from a post-secondary education.

Many like Dean Sauer came seeking the kind of education that colleges know best—the practical and apprenticeship training that can be applied directly to finding and keeping a good job.

Most don't realize that we perform over 90 per cent of the apprenticeship training in Ontario, and produce 25,000 apprenticeships a year. No one else does more, and no one else does it better.

Dean learned that when he graduated from an apprenticeship program at Mohawk College and stepped into a great job at Stelco.

The President of Stelco, Courtney Pratt, knows that, too. As he said, "Like many companies, Stelco is looking to revitalize its work force at all levels as we face the loss of many skilled employees who will be retiring in the coming years. It is essential that our colleges and universities provide the educated and trained graduates that are required if Canadian businesses are to succeed in an increasingly competitive environment."

As the skills shortage grows worse in Ontario, people like Dean become even more valuable. Unfortunately, without adequate funding, people like Dean also become more and more scarce.

As Rae pointed out, the knowledge economy has created greater challenges for business and industry, including new pressures in areas such as the skilled trades. Ontario employers say it is increasingly difficult to find the people with the skills they need.

A 2004 survey by the Ontario Chamber of Commerce confirms this position. It found that more than half of the skilled workers will retire in the next 15 years. Forty-one per cent of the businesses reporting indicated they expected to face a skills shortage within five years.

This skills shortage is a direct threat to our economy; unless it is addressed, Ontario will simply not be prosperous. And, without enough skilled workers, we will have to wait longer and pay more for the services we want and need, including health care.

That's why Ontario desperately needs more students like Michael Garreau. When Michael graduates from George Brown College as a nurse, the waiting time for care will become a little bit shorter and the quality of care a bit higher.

Multiply Michael by 7,000 and think of the impact. Ontario's colleges produce 7,000 new health-care workers each year in a wide range of specialties, including nurses, paramedics and radiation technologists. In fact, we provide training in 70 per cent of health-care occupations.

Together, these four students represent 50,000 individuals of all ages, who graduate from our colleges annually. Karen, Wendy, Dean and Michael represent the human faces of our present and our future. They are the ones who find their opportunities limited because Ontario provides the lowest per-capita support for colleges anywhere in Canada. They and their colleagues are the ones who are being short-changed.

Yet it is all of us who will suffer if things do not improve. A weaker economy, with fewer opportunities and less wealth to provide for our public services. A heartbreaking waste of human talent given the relentless desire of these individuals to learn, work and contribute. Those are the consequences.

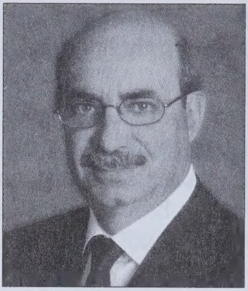
Bob Rae says that a minimum investment of $400 million a year is needed to fix the problem in the college system. That's the price for prosperity. Sounds like a bargain to me. I hope it sounds like a bargain to you.

Thank you very much for listening to me as we talk about the most critical public policy issue in this province in this decade.

Thank you very much.

The appreciation of the meeting was expressed by David L. Lindsay, President, Association of Colleges of Applied Arts and Technology of Ontario and Director, The Empire Club of Canada.

Dr. Lorna Marsden, President and Vice-Chancellor, York University, Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada and Dr. Rick Miner, President, Seneca College.



April 7, 2005

Réal Raymond

President and CEO, National Bank of Canada

PUBLIC POLICY AND THE CHANGING NATURE OF CANADIAN BANKS

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Bonnie M. Brownlee, Communications Director, Style Group: a division of St. Joseph Media and Director, The Empire Club of Canada; Donald Gareth, Grade 12 Student, North Toronto Collegiate Institute; Grant Kerr, Pastoral Staff, St. Paul's United Church, Brampton; Heather C. Devine, Associate in Litigation, Gowling LaFleur Henderson LLP and Director, The Empire Club of Canada; Michael Roach, President and COO, CGI; Kim Anthony, President and CEO, National Bank Financial Group; Malcolm J. MacKillop, Lawyer, Fraser Milner Casgrain LLP and Director, The Empire Club of Canada; Denis St-Onge, Partner and Head of Insolvency and Restructuring Group, Gowling LaFleur Henderson LLP; Louis Vachon, Chairman, National Bank Financial Group and Chairman, NATCAN Investment Management; and Robert Corteau, President and Managing Director, SAP Canada Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, many years ago and in a much more serene world, banking in Canada was a reasonably safe haven—a gentlemen's club of honour and mutual accommodation.

But as the years marched on, and as we have become a more competitive country within our broad borders and now beyond and a captive player in a global marketplace, much has changed.

Banking has changed. Bankers have changed. Expectations among consumers and across all sectors have changed.

Today, we see vivid threats and golden opportunities, chilling challenges and the potential for glorious achievements in all aspects of our society, and banking is no exception.

After all, banking and bankers are supposed to be one of the foundation pieces and comfort zones of our national psyche.

So when SAP Canada asked if the Empire Club could develop a series where senior bankers share their thinking with us, we were quick to agree.

Which brings us to today. To the first of the Bankers' Series that will run into late fall, and through which we'll hear about critical issues as perceived by some of the most prominent and influential bank CEOs.

And that brings us to Réal Raymond, President and Chief Executive Officer of National Bank of Canada for the past three years. He joined the organization some 35 years ago. With exceptional performance, he moved steadily up the corporate ladder. The 1990s were growth years not only for the National Bank, but also for our speaker, during which he soared through a number of senior positions.

In addition to his vocation, Mr. Raymond is actively involved with a host of prominent Quebec institutions and worthy causes that are surely too many to recite now. Not to mention his many distinctions and honours.

Today, Mr. Raymond is here to talk about the drastic transformations that have occurred in Canadian banking the past 25 years. And how banking's ambitions, public policy objectives, and politics all come into play and perhaps converge.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the President and Chief Executive Officer of the National Bank of Canada, Real Raymond.

Réal Raymond

Ladies and gentlemen bonjour.

I am delighted to be here today and wish to thank the Empire Club for its kind invitation. It is indeed an honour to address this prestigious tribune.

As you all know, the government's policy statement concerning mergers between large financial institutions scheduled for June 2004 has been put on the back burner following the federal election and the resulting minority government.

Needless to say, the entire financial industry has long been awaiting this statement, and given the current state of affairs I can tell you that resigned pessimism probably best describes the mood of the banking industry.

Although I share the views of my colleagues, I have no intention of burdening you today with a typical bank CEO pitch that lists all the reasons why banks should get additional powers, such as the ability to merge with other banks.

Instead, I would like to outline my views concerning the key forces that are shaping the legislative and regulatory framework. In doing so, I will try to present a balanced and objective view of the different issues from my particular standpoint as CEO of Quebec's largest bank.

Mergers between big banks are indeed of a lesser concern in Quebec than in Ontario as regional banks and credit unions are the main players in the Quebec financial market. While Quebec and Ontario are at two extreme positions, it should also be acknowledged that there is across this country a complete spectrum of in-between situations as far as competition among financial institutions is concerned.

That being said, three important currents characterize the national legislative and regulatory framework:

- First, the objectives of banks, which are constantly seeking new revenues and efficiencies to deal with the new forms of competition that come onto the market every day.
- Second, Ottawa's public policy goals on issues including competition, industrial organization, con-

sumer protection and the availability and cost of financial services.

- And third, the political dimensions; in other words, the beliefs and convictions of our MPs that are partly shaped by the influence of various pressure groups.

It goes without saying that in the context of a minority government the political dimensions overshadow other considerations.

These dimensions include the unlikelihood that allowing bank mergers would receive unanimous support in the House of Commons as well as the desire of government to avoid clashes with interest groups whose points of view range from a call to prudence to outright hostility.

While clearly a central factor, the political dimension should not be overemphasized. Beyond it, there are also legitimate public policy objectives that guide elected officials and civil servants when they set up the laws and regulations governing the industry.

These include:

- Making sure the financial system remains solid,
- Protecting consumers and depositors,
- Ensuring a healthy level of competition with wide availability of financial services at competitive prices, and
- Fostering adequate financing for businesses, both big and small.

The importance attached to these objectives comes from the central role of the financial system in the Canadian economy.

It also reflects the near-daily consumption of financial services by Canadians and the impact these services have on their lives. Whether we like it or not, financial products are a subject that is of interest to everyone.

We also need to recognize that the pursuit of these economic policy objectives was a powerful lever that helped banks grow during the post-war period.

Until 1954, banks were not allowed to lend to individuals. The changes made to banking laws at that time gave the banks the right to provide insured mortgages and secured personal loans.

In 1967, the 6-per-cent ceiling on interest rates was lifted and banks were given wider latitude to offer mortgages and personal loans. This meant that they were able to jump into the consumer market with both feet.

This sea change, coupled with a strong demographic and economic boom, led to a broad expansion of bank branch networks as banks were able to satisfy previously unmet consumer demands.

The legislative and regulatory opening of the banking industry continued during the ensuing decades.

In 1987, banks were given the green light to purchase brokerage firms, which was a great step for banks in being able to penetrate the wealth management market. Since then, this niche has accounted for an increasingly larger share of our revenues.

Then, in 1992, banks were permitted to acquire insurance companies and trusts and their staff to provide investment advice to customers at the branch level.

I am talking about banks, but the fact is that everyone in the financial industry was given a wealth of new powers in the context of the general liberalization and rapid growth of financial markets both domestically and internationally.

In Canada, market liberalization met several crying needs that characterized markets of earlier years:

- An inadequate supply of mortgage offerings, which forced government to lend directly to consumers;
- The difficulty and cost of getting personal credit;
- The need to capitalize the brokerage industry, which seemed under threat by the big foreign firms;
- The urge to rescue several trust companies;

- The need to make financial asset management services accessible to the general public, not only to the wealthy.

In all these cases, the banks did such an effective job of meeting consumer needs that today they are the main players in almost all of these markets.

Not only did banks gain market share, but their customers got value for their money in the process. Many independent studies have concluded that the cost and availability of financial services in Canada, for both individuals and small and medium-sized businesses, compare very favourably with that of other countries.

A good example is the comprehensive study by McKinsey for the Task Force on the Future of the Canadian Financial Services Sector, which concluded that "Overall, Canadian financial institutions stack up well by most quantitative measures in the delivery of financial services to individual Canadians."

To summarize, in the post-war period there was a strong alignment between the evolution of the financial sector and our country's public policy objectives.

During that time it was fairly easy to convince politicians that it was in everyone's interest to open up financial markets.

At the same time, numerous measures were introduced to reinforce and assist the emergence of other financial institutions:

- Canadian markets were opened up to foreign banks, which can now operate in Canada in a variety of forms, and
- The framework was put in place for the demutualization of the big insurance companies.

These measures were introduced in large part because of a desire among federal authorities to facilitate the rise of credible competition to the banking industry, particularly from medium-sized regional institutions.

These institutions are far from negligible in Canada. Institutions other than the Big 5 banks take in about 30 per cent of deposits and loans originating from individuals and small and mid-sized business.

These financial institutions account for around 30 per cent of the retail market in Western Canada, and, in Quebec; they gobble up—fasten your seat belts—about two-thirds of individual and SME deposits and loans.

Ontario is a different story, as these institutions have a market share of under 10 per cent. Although large institutions have a strong presence in communities throughout the province, Ontario has no large regional banks.

Sure, credit unions are active in many communities and within large unionized businesses, but they lag far behind in terms of reach and market share when compared to Quebec or Western Canada.

The visibility of the big banks and the much smaller presence of other deposit institutions, especially in large urban centres, have shaped Ontarians' perception about Canada's financial system.

Ontario, and Toronto in particular, play definitive roles in shaping Canadian public opinion regarding financial institutions.

This is partly due to the region's electoral weight and its representation in Parliament and in cabinet, but also to the large concentration of jobs as a result of the number of financial services firms headquartered in the Queen City. In addition, many of the country's most important media, interest groups and decision makers make their home in Toronto.

Since the Big 5 banks play such a dominant role in Ontario, it is sometimes hard for Ontarians to understand that this isn't always the case in the rest of Canada.

The presence of many monoliners in mortgage loans, credit cards and mutual funds attenuates the Ontario reality. But, for a large share of the population, these fast-growing new suppliers are far from being a full substitute for the day-to-day proximity banking services delivered by branches and ABMs.

However, the situation I face as CEO of the largest bank in Quebec—or the sixth of the Big 5 banks—is completely different. In Quebec, the biggest of the Big 5 banks ranks only fourth among financial institutions when measured according to number of branches.

In “la Belle Province,” mergers between Big 5 banks could even have a direct, and positive, impact on competition since they would create stronger banks relative to National Bank and Desjardins.

So, what are the implications of the current landscape for banks?

The question of mergers continues to be highly charged politically and remains of great interest to opinion makers and a large part of the population.

As I have already mentioned, banks have been successful when asking Ottawa for new powers to help them better serve Canadians.

However, much of the general public views the freedom to merge as a response to corporate objectives. While these objectives, which include striving for greater market cap to facilitate foreign acquisitions and better compete with large international institutions in global capital markets, may be laudable, they are certainly not very high on the wish list of most Canadians.

The industry must therefore be prepared to face, at best, consumer indifference. At worst, they could be met with hostility.

As Canada already boasts one of the safest and most inexpensive and efficient banking systems in the world, convincing Canadians that they would get a better deal as a result of mergers is indeed a tough sell.

I am getting the same reaction from large corporate clients, who are merging left and right for the same reasons that are motivating the banks.

Many of them think that mergers are good for their industry, their customers and for Canada in general. But strangely enough, they are not so sure when it comes to bank mergers.

Everybody wants more competition and benefits that affect them personally. The bottom line is that the general public would not easily support the idea of big bank mergers.

What about public policy considerations?

In my opinion, public policy considerations can be divided into two groups: those dealing with competition issues and those related to the structure of the Canadian financial system.

In general, the competition aspects of bank mergers could be adequately dealt with by the due process led by the Competition Bureau.

The bureau has much wider latitude with respect to oversight of bank mergers than it does for other mergers. And, just as important, its decisions regarding bank mergers cannot be appealed to the Competition Tribunal.

If the ultimate public policy objectives were to ensure that bank mergers did not prevent strong national competition and that post-merger banks maintained a wide variety of offerings in local markets, then a Competition Bureau review would suffice.

At least, that is our opinion at National Bank. We are on record as saying that the examination process should be tightened and corrective measures refined and that divestitures resulting from the mergers should consist of veritable regional franchises.

If the government wanted to, it could calm the public's concerns about bank mergers by setting in motion and strongly supporting the due process of the Competition Bureau.

However, we're not even there yet.

There are other public policy considerations that need to be addressed even before the first merger proposal is considered.

Ottawa has stated that, and I am quoting the June 2003 Department of Finance paper:

- Canada's five largest bank concentration ratio is one of the highest in the world, with approximately 77 per cent of total deposits held by the top-five banks in 1999.
- The concentration ratio for the life insurance sector is also one of the highest in the world, with the top-five life insurance companies accounting for about 73 per cent of consolidated assets in 1999.

The opinion that the Canadian financial system is already too concentrated is debatable when one considers our geography, our economy and the situation in similar industrial countries. But it remains that the industry has to deal with Ottawa's views.

We must also remember that the federal government's efforts to generate greater competition have not yet yielded all the effects they hoped it would.

We know what happened to many trust companies. With the notable exception of HSBC and monoliners such as ING and MBNA, the inroads by foreign banks in the retail market have been limited, and some players have exited the market.

Insurance companies and mutual fund firms have not yet taken advantage of the new freedom extended to them to directly partake in the Canadian payment system.

As we can see, opening the door to greater competition does not guarantee that new players will enter the market.

Indeed, the lack of large-scale entry is likely a reflection of the fact that the banking sector is already highly competitive and is serving Canadians well.

The irreversible nature of bank mergers is giving policy-makers even more food for thought. Neither politicians nor senior civil servants like to commit themselves to controversial decisions that cannot be reversed in the foreseeable future.

In the final analysis, the decision of whether to allow bank mergers will be highly political, but one that will nevertheless be driven by important public policy considerations.

To the extent that public opinion today is by and large against mergers and that politicians have been able to invoke public policy considerations to question them, we can certainly appreciate all the uncertainty surrounding the final outcome.

However, we should by no means exclude mergers between the big banks, but it could be an awkward process.

For example, it could result in a beauty contest where several projects are submitted for approval and only one or two are chosen. Similarly, strict conditions could be imposed, making mergers impracticable or hard to justify financially.

At the same time, we can expect that concessions will be demanded not just from the merging institutions, but also from the industry as a whole.

In any case, you can bet that MPs and ministers will intervene in the process, creating much uncertainty as to the outcome.

Nevertheless, prohibiting mergers will not stop the industry from evolving.

Did you know that since 1998 consolidation of the deposit-taking network has led to the closing of 1,300 branches, almost one quarter of which were due to the TD-Canada Trust deal?

Put differently, the moratorium on bank mergers did not prevent the disappearance of local points-of-service equivalent to the entire network of one Big 5 bank.

However, in most cases this was because branches that were located close to each other in urban areas were grouped together.

But branch numbers just tell part of the story. In line with technological progress and changes in consumer preferences, banks have been investing heavily in remote banking channels that are at least as convenient for the customer.

In fact, banks are not investing less in proximity banking; they are investing differently.

A couple of words on the bank-insurance model before I conclude. The consensus within the industry is that we should allow mergers between large banks and insurance companies.

If we look again at this issue from a political and public policy point of view, the bank's chances of gaining this freedom seem much better.

On the one hand, Canadians recognize the opportunity to streamline their financial transactions. Public opposition to bank-insurance consolidation comes more from a reflex backlash from the insurance industry than it does from the general public.

On the other hand, it is relatively easy to show the productivity gains in service distribution and from increased competition that would result from these mergers.

So, in a nutshell:

- Politics are important, but they are not the only dimensions in play.
- Rhetoric aside, public policy considerations were the driving force in molding the Canadian financial system during the post-war period for the benefit of consumers. Let's hope that will continue.

Finally, given Ontario's central position in the political debate and in defining public policy, the strong and atypical dominance of the Big 5 banks in this market has a major impact when concentration and merger issues are raised.

In conclusion, I would like to present National Bank's position on mergers.

National Bank strongly supports the industry view that mergers could be beneficial for financial services consumers, the banking industry and the country in general.

I am also convinced that problematic competitive situations can be adequately addressed by the Competition Bureau using a new framework. This concept could be effective even in Ontario where massive divestments are likely to take place, as it would enable a new player to enter the market with a ready-made customer base.

Mergers would lead to the reshaping of the financial industry. The post-merger landscape would be dotted with new mid-sized regional or national players that are very committed to the retail market and with larger institutions that are better equipped to become the global financial powerhouses that Canada sorely needs.

That seems like sound public policy to me.

Thank you for your attention.

The appreciation of the meeting was expressed by Malcolm J. MacKillop, Lawyer, Fraser Milner Casgrain LLP and Director, The Empire Club of Canada.

April 14, 2005

Laurent Trupin

CEO, Invest in France Agency

OPPORTUNITIES IN FRANCE

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Diana Conconi, Senior Vice-President, Fleishman-Hillard and Director, The Empire Club of Canada; Jean-Charles Dion, Grade 12 Student, Toronto French School; The Rev. Canon Kimberley Beard, Sr. Pastor, St. Paul's On-the-Hill Anglican Church and Director, The Empire Club of Canada; Terrence Kavanagh, Executive Vice-President and COO, Tembec Inc.; Bernard Lette, Honorary Consul of the Principality of Monaco in Toronto, Vice-President and Past President, French Chamber of Commerce in Canada (Toronto Section) and Partner, Lette Whittaker; William Whittaker, QC, Partner, Lette Whittaker, 1st Vice-President and President-Elect, The Empire Club of Canada; William Greenhalgh, COO, Shred-it International; and His Excellency Daniel Jouanneau, Ambassador of France to Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen, our guest speaker today was to have been the Honourable Clara Gaymard, French Ambassador for International Investments. But Madame Gaymard, much to our dismay and regret, suffered a broken leg just the past few days. She had to forgo her planned trip to Canada and the United States.

So we had a very difficult choice to make. One—to cancel this lunch, which seemed to be a poor choice or two—to have this lunch, but present another speaker equal to the challenge.

We are fortunate today to have a very eminently equal to the challenge in the presence of Laurent Trupin.

And that is just perfect today, at a time when we must look at and assess the political, the societal, the financial and the emotionally based judgmental bonds and barriers that both link and divide our countries and continents.

This, after all, is not a comfortable time and place in the history of mankind's emergence and supposed advancement.

Yet we share common needs, hopes and aspirations.

And France, as a country and a culture, has over centuries past and decades more recent given much guidance and direction to the course of events, the emergence of the arts, advancement of the sciences, and our collective democratic values.

So we have come to learn and abide the reality that France has been and remains one of the real pacesetters of economic, social, artistic, fashion, and even more trends in the European Union.

And that is why, today, we are eager to hear from M. Trupin about where we are and where we likely will be in terms of business opportunities in France and across Europe.

Laurent Trupin was appointed General Manager and Chief Executive of Invest in France Agency in 2004. Based at the agency's headquarters in Paris, M. Trupin is responsible for co-ordinating, managing and implementing the organization's strategic plans.

He is an alumnus of the ESCP business school and a graduate of the Paris Institute of Political Science and the French National School of Public Administration.

To the mid-'90s he held various positions in government. He joined Carrefour, Europe's largest food retailing group, in 1999, and became regional manager for Eastern Europe in 2002.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Chief Executive Officer of the Invest in France Agency, M. Laurent Trupin.

Laurent Trupin

Thank you very much Mr. President and thank you for the nice comments about my country. I am very happy to be here with you, ladies and gentlemen, and a little bit sad that Ms. Gaymard could not attend this event. She really apologizes for not being here today. As the president said, she has a knee injury due to a skiing accident, which prevents her from travelling abroad. She really would like to have been here with us today. The only negative point is that if she had been here, I would not have been here, and let's face it, I am happy to be here today.

Since we are doing apologies, sorry for the misuse of the English language that you will have to endure all through this speech. I hope you will not have too hard a time. If you do, please raise your hand and I will switch to the French language because I understand many people here speak French perfectly. Maybe it would be easier for everyone. I'm joking.

Today we will speak about France. I would like to show you a different image of my country from the one you may already have in your mind.

We have a French paradox. What is the French paradox?

The French paradox is about what everybody knows about France and, as the president said, it's a land of culture, a land of history, with historical links to you. I was in Detroit two days ago, and I was reminded that this city was founded by Mr. de Cadillac, who came from the north, from Canada. So again, we have historical links with this country.

We are seen as a country of "joie de vivre" where life is happy and goes forever. This is the traditional image of France but it is a paradox, as this is not completely true. Or, at least, it is not the only truth. There is such a great difference between reality and the way many perceive France. We are considered old-fashioned, unproductive, too expensive, and always striking.

But none of this is true. What the global business knows about France is that in 2003, France was the second country in the world, behind China, in welcoming foreign direct investments. And over a longer-term period—a 10-year period—France is number three. This means that the global business community likes France and likes to invest in France. And I would like that, by the end of my speech, you all think the same thing and want to invest in France.

France is on the move. It means that not only are we a country of history, but we are a country on the move.

We are the world's fifth-largest economy. I would like to remind you that Europe is the second-largest market in the world. When you are located in France, you are at the heart of the new European market with a population of 450 million people, who are potential consumers, who can be reached from the centre of France at a distance of 1,500 km. I believe that for North Americans, 1,500 km is nothing, so if you are located in the middle of France, you can reach 450 million consumers. This, for me, is very important.

We are on the move thanks to French and foreign companies who are investing in the country. The French government is committed to be business-friendly. We recently organized a meeting with 21 CEOs of large global corporations, French and foreign, to give new ideas to the French government and we are now in charge of implementing these ideas. This is all good; they are creative and they are changing the things that do not work in France. If you, in the audience, have any ideas for my country (I know some of you already have premises in France) or positive ideas that could change France and make it more attractive, I would be delighted to hear from you.

The outcome of this CEOs' meeting was the need to support business, to create new legal reforms, to create and attract new businesses and to encourage innovation.

The most recent change is the major relaxation of the 35-hour work week. This was probably the worst thing in terms of image that happened to France in the last 15 years. It was very painful for us to explain to entrepreneurs that in France we are hard-working, but only for 35 hours. Without the 35-hour week, we can convince people that the French are hard-working people committed to their companies.

Legal restrictions on collective dismissals are very important too, because they usually are the main problem that foreigners stress about France. I would like to make this point: we are in the process of changing this problem. We are at the first step and the government is really committed to more steps in the future.

More positive news again: I think France has the most interesting R&D tax system in Europe. Sometimes this is not without problems from the European Commission, but we can handle that. Well, this R&D tax system allows companies to really make profits thanks to their activities in France, and we attract many businesses for this reason.

I know that in Ontario you are very strong in the following sectors—bio-techs, new technologies, information systems, etc.—so I would be glad if we could arrange partnerships or cross fraternizations between companies in Ontario and companies in France in these sectors.

For those of you who are already convinced that you have to move to France, I am glad to announce that we increased the tax exemptions for people coming to work in France, for "impatriates," as we call them. Also, it will now be much easier to get a visa and to get a visa for the spouse too because you don't come alone; you usually come with your wife or husband and children.

We have made substantial improvements in international educational resources for children. This is very important for the families coming to France.

And of course, because we cannot do without this, we are lowering the corporate tax rate for all businesses.

I hope you now understand that France means business.

Here are a few sectors for which I believe we have French excellence: IT telecommunications, software, telecoms. This excellence was acquired thanks to foreign and national firms.

In biotech and life sciences, France is Europe's number-one drug producer and it is very easy and very fast to obtain approval on drug trials.

Of course we also have the automobile industry. We went to Detroit for the Society of Automotive Engineers (SAE) World Congress Career Fair last week, and it was very interesting to see that North American producers are very excited about what is happening in France. We have two big car producers in France—Peugeot and Renault. I think Renault represents well what we want France to be and what we want you to think about France. You see, 15 years ago, Renault used to be a state-owned company. Probably not run very well, Renault had quality problems, problems with the work force, and everybody thought this company should not exist. It existed only because the state was behind it using the taxpayers' money of course. Nowadays, Renault is one of the best-run companies in the world with the Brazilian born "Carlos Ghosn" at its head. Renault is making profits and selling high-quality vehicles. There are no strikes and no operating problems. This is the new France.

I will not dwell on the aerospace sector, as in Toronto you are very strong in this field too, but of course, I am thinking of Airbus and Arianespace.

There are also the more traditional industries, which are business drivers because other companies come to France thanks to these traditional businesses. The main traditional sector is the agro-food industry.

As you know, France has not a very good reputation of being a business-minded country. I would like now to kill five myths to change this reputation:

1. The first myth is that "all the French know is how to do wine and cheese." To be frank, we do know how to make wine and cheese, and we will continue to do so because I love wine and cheese. But this is not the only thing we do in France. For example, France has the highest percentage of 20 to 29-year-old young people with qualifications in science and technology. France has a higher percentage than the U.S. and the

U.K. in that matter. This is little known and it is important you keep it in mind.

2. The second myth is that "the French don't work very hard." Let me stress one point: France has a higher productivity rate per worker than the U.S., Germany or the U.K. This is worth noting.
3. "It is too expensive to do business in France." I am glad to tell you that KPMG, a worldwide known reference, announced in a recent study that the cost of doing business in France is actually 1-per-cent cheaper than in the U.S. Did you know it was cheaper to do business in France than in America? This was surprising news to me when I joined the Invest in France Agency. As you can see, this is not the case for Japan, Germany or the Netherlands.
4. "France is paralyzed by strikes." I am not going to try to tell you that this isn't true. Unfortunately we do have strikes in France, but our loss of days per capita due to strikes in the private sector is lower than in the U.S. and in the U.K. My point is that in France the strikes are in the public sector. Public sector unions are doing a very good PR and communication job because, although they do not represent many people, they know how to manipulate information and be on the front pages, to let everybody know they are on strike. The strikes are in the public sector, and the public sector is shrinking, thanks to privatizations. This way we have fewer and fewer strikes.
5. "The French are only interested in enjoying life." We do enjoy life and the 130,000 expatriates who work in France do enjoy life as well. I don't hope for more clouds and more rain to prove to you that the French do not enjoy life. They enjoy life, but they are extremely dedicated to their companies. I will give you a personal feeling about this because I happen to have managed foreign investments in Eastern Europe, and I have seen, as some of you probably have too,

> that in some countries you can lose an employee to a competitor for a few dollars, say $50 or $100 a month. This is hard for employers who invest in their staff, train them, teach them the business, invest money, and all that for nothing if not the benefit of competitors. This does not exist in France because the French are dedicated to their companies and they are hard workers. This is the first thing I hear abroad from businessmen about France: France has a high level of labour force commitment.

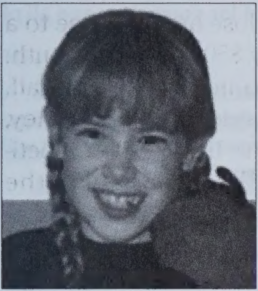
That is about it, but again, as a business-minded person, I would like to introduce you to the people of Invest in France Agency who work near you: Michel Viger, head of Invest in France Agency North America (IFANA), Jean Cantoni in New York and Dario Alvarez who is in New York as well but who covers Canada and is one of our most interesting men. And here in Canada because we have no local office yet, we are helped by Mr. Gallissaires from the French Trade Commission.

These are the people who can help you if you want to start your business in France, or develop existing business in France. Our aims and our targets are to help you with incentives and subsidies, to maximize your success, to identify potential business partners and opportunities, to set up visits with regional bodies in France that will help you build your investment in this country. Finally, we will facilitate regulations and barriers. So we can help you on these points, and for whatever you need, we will be there for you.

Thank you very much for your attention. To reward you I would like to show you a short film entitled: "France, Old Perceptions and New Realities."

Thank you.

The appreciation of the meeting was expressed by William Whittaker, QC, Partner, Lette Whittaker, 1st Vice-President and President-Elect, The Empire Club of Canada.



April 21, 2005

Hannah Taylor

Founder, The Ladybug Foundation

WHY I CARE SO MUCH ABOUT THE HOMELESS

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Heather Ferguson, President, The Hearing Foundation of Canada and Director, The Empire Club of Canada; Stephanie Lovering, Grade 12 Student, North Toronto Collegiate Institute; Reverend Millie J. Hope, Rector, St. Martin's Anglican Church, Bay Ridges; Patrick Gagnon, President, Parliamentary Group, Ottawa; Colleen Taylor, Mother of Hannah Taylor; Hartley T. Richardson, President and CEO, James Richardson & Sons, Limited; Verity Craig, Principal, Carmichael Birrell & Co. and Director, The Empire Club of Canada; Gail Asper, Managing Director, The Asper Foundation; Shelly Rae, Vice-President, Human Resources, The Dominion of Canada General Insurance Company; and Charles S. Coffey, Executive Vice-President Government Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.

Introduction by Bart Mindszenthy

Ladies and gentlemen and all of our younger guests, all of you who are all about the future, we're delighted to have you here with us and hopeful that you'll build a better world for yourselves and all of us aging ones.

Now, this is for the aging ones like me.

Think back to a Broadway musical that became a 1958 film. A movie called "South Pacific." I was 12 years old when I saw that film. And there was a song I seemed to have memorized instantly and will remember for a lifetime. A song called "Happy Talk."

Remember "Happy Talk"?

Can you remember some of the words?

I'm looking for just three lines of that song. Can you guess which lines?

Yeah, you're right. The lines are:

"You got to have a dream.
If you don't have a dream,
How you gonna make a dream come true."

Those are the lyrics that played through my mind when Charlie Coffey suggested many months ago that we invite this little giant of a person called Hannah Taylor. Because the more he talked about her, and the more we learned about her, and the more we watched videotapes of her magical, meaningful, passionate, and powerful presence, the more I sure wanted to have her come to address the Empire Club.

Well, she's here today.

And so is an exceptional man from Hannah's hometown of Winnipeg, whom we asked to come and tell you a little more about this amazing nine-year-old.

Hartley Richardson is the seventh consecutive Richardson to lead his family-owned corporation founded in 1857.

I think for the sake of our focus today, we should simply extend an invitation to Mr. Richardson to come address the Empire Club sometime in the near future because his personal range and scope of endeavours and achievements rival those of many esteemed Canadian businessmen.

Today, Mr. Richardson is here in his capacity as a member of Hannah's Ladybug Foundation Board of Directors.

Pretty amazing stuff.

And now, we're going to watch a short video presentation. Then Mr. Richardson will tell you a bit more about Hannah and her dream coming true—about Hannah, the little giant.

Hartley Richardson introduced Hannah Taylor.

Hannah Taylor

Hi everyone.

My name is Hannah Taylor. I am nine years old and I have started the Ladybug Foundation to help the homeless.

Ladybugs are good luck and they are my mascot.

What I came here to talk about is why I care about the homeless and why we all must care about people without a home.

When I was five years old my mom and I saw a man eating out of a garbage can. I was very sad and felt sick about that. I asked my mom why he had to do that. She said because he was down on his luck and was homeless and hungry. I felt so sorry for him.

For a very long time I thought of that man and worried about where he was and what he would be eating. I talked to my mom about homelessness a lot. Why, why, why I asked. If everybody shared what they had, could that cure homelessness?

Then I started school and one day when I was coming to school, I saw another homeless person. Everything she had was in one grocery cart.

Now my heart was too sad.

That night before I went to bed I wished I could cure homelessness. Everybody needs a home. I love my home.

My mom told me that sometimes when you worry and feel sad about things, if you do something to help change the problem your heart won't feel so sad.

She was right. I don't worry so much anymore because I know I can help and so can you.

Over the past three years, I have learned a lot about homelessness and I have had the chance to teach people about homelessness.

I have talked to thousands of people. I believe that if people know about homelessness—that there are people living without a home—they will want to help.

They have! Everyone from my Prime Minister to my friends in Winnipeg making ladybug jars, and lots of other people have listened and helped in a million ways.

We still have a long way to go. Together we can help—we all have sooo much. We just need to share a little of what we have and care about each other always.

I have made many friends, but there are three very special ones I want to tell you about.

One man named Rick lives in Winnipeg. I met him at a homeless shelter where he goes for food and love. He is a beautiful person and when I met him he cried. I asked him why he was crying and he said because I was hugging him and looking at him and talking to him.

He said they were happy tears.

Now when I see him he doesn't do that so much.

I have a picture of us together. He wore his best shirt the day they took our picture. He is just like you and me. He just needs someone to care about him.

I told him I care about him and I always will.

My next friend lives in Toronto. I met him when I was on a holiday there. He was working on a street corner. I stopped to fill his asking cup with money from my purse. I dumped all my change in his cup, hugged him and I walked away.

Twenty minutes later he came up behind us. He had been looking for me all that time. He had my ladybug good luck charm in his hand.

I had accidentally dropped it in his asking cup. He wanted me to have it back.

I hugged him and asked what his name was. He said, "My name is Carey," and then he said that no one ever asks him that.

We talked for a while and I asked him if he works here everyday. He said most days. I said I would come back and visit him every day I could. He was so skinny and he had hardly any teeth, but he had the very brightest smile.

My third friend's name is Brian and I met him at one of my favourite homeless shelters. He is the kindest person I have ever met and I want to tell you why.

At Christmas time I went back to visit him for dinner. He was sitting across from a homeless man who seemed very sad. Brian had just got a beautiful winter vest to keep himself warm with for Christmas. When Brian sat down and looked at his friend who seemed so sad, he took off his new vest and said, "You seem to need this vest more than I do—merry Christmas." Brian gave his new Christmas vest away to the sad, sad man. When I saw this, I knew Brian was the kindest man I had ever met.

We all need to be kinder to each other. I know some people are afraid of homeless people, but they are great people wrapped in old clothes with sad hearts. Don't be afraid of them—just care for them and be kind to them.

When I do work for the Ladybug Foundation, I think of my three friends and how we all need to care about them and each other.

I get asked a lot of the same questions when I go out to teach people about homelessness so I will answer a few right now.

The number-one asked question is: "Am I scared when I speak?"

No, I am not scared because no one can see my paper so they can't tell if I make a mistake and everyone is friendly and caring and they just want to hear about homelessness and how they can help.

The next question is: "How many ladybug jars have I made?"

Well, I have made with my mom about 1,000. I make the ladybugs and she does the dots and my dad and I deliver the jars around for people to fill with their spare change.

"Will I ever stop helping the homeless?"

No, not even when I am 90. I will always help and I will always care.

"How did I feel the first time I met the Prime Minister?"

I was expecting a man with a crown and golden robes because of the way all the grown-ups were acting. He came in and looked just like a papa; he was kind and he had a cold. He was just a regular human with a good smile and a kind heart. I liked him right away. We both spoke and ate lunch together. I have been back to visit him in Ottawa. We have work to do, he and 1.

"What is your best book?"

I have a favourite book called "Family of the Earth" by Schim Schimmel. It is just terrific. You all should get it to read. It talks about how we are all connected in the world—how we may seem different but we all breathe the same air and deep down we all need the same things. I think we need to remember this when we think about homeless people. They are just like you and me, and we need to know and remember that always.

One other question is: "How do I feel when someone doesn't want to help the homeless or fill a ladybug jar with spare change?"

It doesn't hurt my feelings. It does sort of confuse me a little, but I believe that people have their own minds and my hope is that if they don't care about homeless people, they will care about something or someone else.

People often ask me who my heroes are. Well, my nana has always been one of my heroes. She is brave, loving and kind. She has always said I could do anything I put my heart to.

My nana showed me how to be strong because she is almost blind and still can do almost anything. I read to her so she can see the story in her head. She has helped me to believe I can help our homeless people and not to be afraid to try. She is beautiful to me and the best part is that my hero loves me.

I look up to her and someday want to be just like her—just not blind because that would be too hard.

We all need a hero because they help us to know all that is good in the world and what we can be.

One final thing people always ask me is how they can help. You can help homeless people in lots of ways. You can share what you have by donating food, clothing and some of your money, but mostly what you can do is be nice to them. If they are cold, share your mitts. If they are sad, say "hi" to them and give them a hug. If they are hungry, lend them a sandwich and just love them like family. They need that most of all.

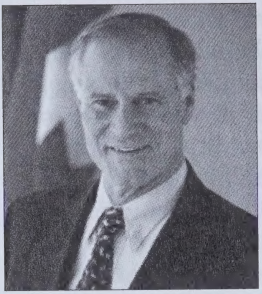
So many people have already helped me make the Ladybug Foundation. We will all need to work together forever to help our homeless people.

I will keep teaching people about what our homeless people need and I believe we can make a difference.

We all need to care about each other and share a little of what we have. If you want to help, just call us at the ladybug foundation, or go to our Web site at ladybugfoundation.ca.

So, from my heart to your heart and your hearts to their hearts—thank you sooo much!!

The appreciation of the meeting was expressed by Charles S. Coffey, Executive Vice-President Government Affairs, RBC Financial Group and 3rd Vice-President, The Empire Club of Canada.



April 22, 2005

The Hon. Bill Graham

Minister of National Defence, Government of Canada

OUR NEW DEFENCE POLICY

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada; Jake Brennand, Grade 12 Student, North Toronto Collegiate Institute; Major, The Rev. Canon Ken Maxted, OMM, CD, Anglican Priest (Retired); Col. (Retired) Brian S. Macdonald, CD, MBA, Chair, Defence Studies, Royal Canadian Military Institute; BGen. Peter A.G. Cameron, Former Honorary Colonel, 48th Highlanders of Canada Co-Chair, Reserves 2000 and Chairman, The Garfield Group; Maj. William A. Duncan, CD (in 1940 joined Argyll Sutherland Highlanders of Canada; First Canadian Officer into Holland in Sept. 19, 1944), Honorary Director, The Empire Club of Canada; MGen. Bruce J. Legge, Former Chief of Reserves and Cadets, Secretary General, CIOR, Colonel Co(KU)mmandant Logistics and Past President, The Empire Club of Canada; and Eldon Bennett, Partner, Aird & Berlis LLP.

Introduction by Bart Mindszenthy

Ladies and gentlemen, Minister Graham is a man with a mission.

It's a mission he's been on for some time, and now, perhaps, it is coming to fruition in a new, bold and satisfying way for our Minister of National Defence.

And that is in the form of the just-released International Policy Statement. The document outlines a comprehensive international strategy for Canada, including a vision for the renewal of the Canadian Forces and for their adaptation to the new security environment.

That new security environment demands that we all understand and respond to the different kinds of threats and challenges—those creating chaos, pain and suffering abroad; and in the new world reality—those that could cause chaos, pain and suffering right here at home.

So more than ever we need the right kind of people in the Canadian Forces, who are able to do the right things the right way and are equipped with the right skills and the best possible tools.

And that is precisely what the Defence Policy Statement that supports the International Policy Statement sets out to define and deliver.

When I scanned the document, what popped into gear in my memory bank was something my father had told me countless times. He was a career officer and loved his profession.

What my father told me was that a nation's armed forces have to live and be able to function on two parallel plains: one, where you know how to wage war, and the other, where you know how to protect peace.

But whichever you're called on to do, he said, you have to totally trust your leadership, you have to believe in your squads and yourself and you have to be up to the task at hand.

It seems to me that if our new direction and commitment to our military can be implemented, then indeed, our Canadian Forces will be up to the task at hand.

I know that is top of mind for our speaker today.

Minister Graham has the dedication, credentials and the growing expertise to help drive the new direction.

He earned his law degree from the University of Toronto, and his doctorate in legal sciences from the University of Paris.

He practiced and taught law in Toronto, while serving as a visiting lecturer in law at two Quebec universities.

Our guest speaker was first elected Member of Parliament for Toronto-Centre-Rosedale in 1993, and appointed Minister of Foreign Affairs in January 2002. He was reappointed to this portfolio in December 2003. In July 2004 he was appointed Minister of National Defence.

From 1995 to 2002, Mr. Graham served as Chairman of the Standing Committee of the House of Commons on Foreign Affairs and International Trade. Under his chairmanship, the committee produced important reports on issues including Canada's interests in the World Trade Organization, Canada's role in Kosovo, the implementation of legislation for the International Criminal Court, and the Summit of the Americas in Quebec City.

And there is so much more to say about the accomplishments of this man, and his keen connection with Ontario's francophone community.

But let me stop here.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada our Minister of National Defence, the Honourable Bill Graham.

Bill Graham

Thank you very much Mr. President for that very kind introduction and thank you very much members of the Empire Club for being here today. To Aird and Berlis, thank you for looking after the head table today. I couldn't help but say to our guests from Aird and Berlis, when I joined my old firm of Atkins there were only 17 of us in the firm at that time. So it shows you both how old I am and what size a city Toronto was in those days. The law firms are all gigantic now, but in those days law was still a profession where we could talk to one another and actually have human relations with one another, but I'd better not go down that road. I want to thank you very much for coming distinguished guests and ladies and gentlemen and I'd like to thank you Mr. President and the Empire Club for inviting me to speak today.

I appreciate that this club has a proud tradition of extraordinary speakers. I went through the list when I had the privilege of signing the book in the next room. The names of Winston Churchill, Viscount Montgomery, the Dalai Lama, great Canadian leaders and great foreign leaders are there, but I think that the club's diversity was demonstrated by the fact that yesterday you had speaking to you a nine-year-old young woman who inspired Canadians by taking up the cause of homelessness. I think it says something about our country when someone that age can bring people together, raise money and challenge us to deal with one of the great social problems of our time. So congratulations to the Empire Club for having organized such an important opportunity for us to hear from that remarkable young woman.

Ladies and gentlemen, it's been nine months since I had the privilege of being named your Minister of National Defence and I feel very fortunate to be at the helm of an institution that features so prominently in the government's overall agenda and to be a part of an organization that has such a significant impact on the lives of Canadians and tens of thousands of people around the world. It's an exciting and in many ways an historic time for the Department of National Defence and the Canadian Forces. With our new Chief of the Defence Staff, General Rick Hillier, and his senior management team, we have a vibrant new military leadership with innovative ideas rooted in recent operational experience both here in Canada and throughout the world and our senior military leaders are responsible for some of the world's most dedicated, professional and skilful men and women in uniform.

Over the past few years, as Canada's Foreign Minister and now as your Minister of Defence, I've had the privilege of seeing firsthand the outstanding work performed by the men and women of the Canadian Forces in challenging environments like Bosnia, Haiti and Afghanistan. In all of these instances, when I saw how they were managing extremely complex and dangerous missions and heard the gratitude of the people for whom they were providing security and stability, I can tell you I was a very, very proud Canadian. It was these same young men and women who many of us were thinking of when the Finance Minister announced nearly $13 billion in new funding for the Canadian Forces in the recent federal budget, the most substantial funding increase for our military in more than 20 years.

There's a future for our Armed Forces. I think that the budget was a clear demonstration of the government's commitment to re-invest in the Canadian Forces and in our men and women in uniform by providing nearly $3 billion to expand our military by 5,000 regular force members and 3,000 reservists. I'm very pleased that General Cameron is here and General Bruce Legge who have had tremendous experience with the reserves and I hope they will be helping us as we frame that important expansion. The budget provides more than $3 billion to address some ongoing sustainability issues facing the Canadian Forces. It also provides the Canadian Forces with more than $2.5 billion to immediately acquire new equipment including medium-to-heavy lift helicopters, new trucks for the army and utility aircraft for use in the Arctic. There's also money to invest in specialized new facilities for our elite counter-terrorism unit—the JTF2.

Finally, the budget provides us with nearly $4 billion to implement the new vision for the Canadian Forces that we released earlier this week. This budget and our new military leadership team at Defence represent a real turning point for the Canadian Forces and will provide us with the solid foundation that we need to make some of the most significant changes to our Armed Forces in more than a generation. This government's new defence policy statement, to which you referred Bart, lays out a bold new course for the Canadian Forces, a course designed to meet head on the security challenges of the 21st century. Today's world is far different from that of a decade ago. The terrorist attacks in the United States demonstrated very clearly that the dangers of the Cold War have been replaced by new and evolving threats; threats caused by failed and failing states, by global terrorism, by the proliferation of weapons of mass destruction and by instability.

At the same time threats of a more traditional nature such as intra-state or inter-state conflicts now exist alongside newer destabilizing factors such as environmental crisis on a global scale, civil strife and pandemics such as HIV and AIDS. I hardly need to remind a Toronto audience of the challenges associated with the SARS outbreak of three years ago. Those challenges still remain today as an important threat or problem for our theatre and hospitality industry in the country as they struggle to manage the consequences, which still remain with us. Simply put, the lines between security and defence have been blurred if not disappeared altogether. In today's security environment there is no home front and we cannot retreat within our own borders in a belief that the conflict is somewhere over there. The Prime Minister captured that challenge when he said today's front-line stretches from the streets of Kabul to the rail lines of Madrid to cities across Canada.

More than any time in recent history, ladies and gentlemen, events and instability far from our borders are a threat to the safety and security of Canadians. In the face of these new security challenges the first priority of our military, as set out in our new defence policy, must be the defence of Canada and of Canadians. This priority builds on our 2004 national security policy, which states there can be no greater role, no more important obligation for a government, than the protection and safety of its citizens. This is not an academic notion. It's a fundamental responsibility of government and today it must be met in extremely complex and uncertain conditions. I know that many of our stellar citizens believe that there is no real threat to our security in Canada and do not see the need to invest extensively in defence. I have to share with you that this is not what credible sources tell us and it is not being alarmist to prepare for quite realistic threats that we must take seriously and evaluate.

So in order to better protect the safety and security of Canadians, we will expand the presence of our regular, reserve and ranger forces throughout the country to respond more effectively to events across Canada including our Arctic. We'll improve how we gather, analyze and use information from all sources including satellites, unmanned aerial vehicles and radars across Canada. Accurate information is the key to understanding and countering modern terrorism in all of its sophisticated forms. Our maritime and air forces will place greater emphasis on protecting our coasts, our territorial waters and our airspace. We will enhance our national counter-terrorism response force, JTF2, to deal with emergencies in different parts of the country and we will increase the reserve forces' role in protecting Canada and Canadians by expanding their numbers and focussing their expertise on, among other things, chemical, biological, radiological and nuclear responses to domestic emergencies that we could well have in our cities.

To better protect Canada and Canadians we will also change the way that the Canadian Forces approach domestic operations. In the past, Canada has structured its military primarily for international operations while the domestic role has been treated as a secondary consideration. At home, the military's response to domestic crises has been to assemble a temporary force drawn from existing structures designed for other purposes. The Canadian Forces have always been there to assist Canadians in their time of need, as we saw in the Saguenay and Manitoba floods, the 1998 ice storm, the fires in British Columbia and the hurricane in Nova Scotia. However the current ad hoc approach, which requires a new operational structure every time the Canadian Forces are called into action, is no longer sufficient and as a part of the government's new vision for the Canadian Forces, the military will now view Canada as a single operational area with a single national command structure called "Canada Command."

This new command structure will be able to bring the best available military resources from across Canada to bear on a domestic crisis quickly and effectively wherever it occurs nation-wide. Canada Command will also be able to provide more effective support to other government departments as required. The impact of our new command structure will also be seen in our North through a combination of enhanced surveillance from satellites, unmanned aerial vehicles and radars, a more visible military presence and other improved capabilities. The Canadian Forces will be better able to respond to northern emergencies and the government will be able to more strongly assert Canada's interest in this vital region of the country, a region that today is experiencing such unprecedented change and is calling for our renewed and increased involvement. So the first priority of our military will be the defence of Canada and the protection of Canadians.

Of course, in today's security environment this also means working closely with our American neighbours to defend our shared continent and our respective countries. Indeed, a key priority in our new defence policy statement is to develop a more sophisticated approach to our relationship with the United States, including strengthening our collective capacity to defend North America. The centerpiece of our defence partnership with the United States remains the North American Aerospace Defence Command or NORAD. Its importance was underscored on September 11 when it helped to restore control of our continental airspace shortly after the terrorist attacks on Washington and New York. Of course, you may recall that it was a Canadian who was in charge of the Cheyenne Mountain Operations Center at NORAD on the morning of September 11 and that officer, in consultation with the Deputy Commander of NORAD, who was also a Canadian, worked to assess the threat to the United States and secure the skies of North America. I would suggest to you friends that there are few if any countries in the world that have such confidence and trust in one another that they entrust a key element of their defence to a structure where bi-national command puts their fate into the hands of a joint operation run by joint military officers who work together as a seamless whole but that's exactly the way NORAD works.

When I visited NORAD headquarters, I saw Canadians and Americans just doing their jobs. Their badges tell you what nationality they are, but it is their function that determines what they do, not their nationality, and this is a remarkable organization for Canada and one that we are dedicated to preserving and strengthening. And so we believe at this time it's appropriate to consider the possibility of expanding our current defence co-operation to include maritime and land-based elements as well. NORAD's mandate is to respond to aerospace threats for our continent. It doesn't have at this time the authority to counter maritime threats such as ships carrying a dirty bomb into New York or Halifax Harbour or to deal with the aftermath of a terrorist attack on North American soil. Given the current international environment, we believe that the current arrangement between our two countries therefore needs to become more comprehensive. It's unclear at this time whether these issues are best tackled within a renewed NORAD or by some other means.

But we are committed to exploring new ways to work with the United States in the defence of our shared continent. We know that our American partners are looking for ways to expand our collective capacity to work together; a capacity that they have seen reinforced by our recent budget and our new defence policy statement. In the end, increased security capacity at home in Canada translates into increased credibility in the United States thus reinforcing another basic element of our foreign policy and that is to say an excellent working relationship with our United States neighbour. In spite of what you hear from some critics who say we are incorporating ourselves into the Americans, that we're turning over our sovereignty to the United States because we will be incorporating our military with theirs, that is not at all what it is about. It is about two neighbours working together.

Canada is a strong and independent country that is now better able to manage its own defence working with the United States as an equal partner in the defence of North America and we can never forget that North America is a united whole. We cannot ever forget that an attack on Seattle will be an attack on Vancouver or a nuclear attack on Rochester will not leave Toronto unscathed or visa versa. That must be our motivation at all times to work with the Americans for our joint security. As we consider the way in which the world has unfolded since the September 11 terrorist attacks on the United States, we've got to focus more efforts on protecting Canada and Canadians here in the North American context, but I have to assure you ladies and gentlemen that that will not be done at the expense of our ability to meet threats outside North America as well.

And so in his report, in speaking of Canada's role in the world, the Prime Minister expressed it well when he said that we cannot change the world single-handedly but we can play a role far greater than our size might suggest. Our parents and grandparents accomplished much throughout the past century in the First and Second World Wars—the creation of the North Atlantic Treaty Organization and the invention and practical application of United Nations peacekeeping. Canadians are proud and rightfully so of the role that our country plays in the world and of the people who have contributed to that role. And this is the driving force behind our new vision for the Canadian Forces.

We're committed to having a more significant and influential presence in the world, one in which our voice will be heard, our values seen and our efforts felt. The government recognizes that a strong, capable, professional military is essential to the impact that we as a country can have in the world. In fact, we've seen over the past decade in countries around the world that the face of Canada is often that of the men and women of the Canadian Forces. It's been my privilege to see that face in Bosnia, in Afghanistan, in Haiti and with the DART in Sri Lanka. It's a face that is welcome wherever it goes.

I was at an extraordinary event the other day. I was in Ottawa and the Finance Minister of Afghanistan was there and he said to a group of development people that the single greatest contribution to the development in Afghanistan today are the Canadian Armed Forces in Afghanistan that are giving it stability and a sense of a new society. And that is true in so many countries. With our new defence policy statement Canada remains as committed as ever to working with our allies and partners in multilateral institutions such as the United Nations and NATO. We also remain open to participating in less formal coalitions of like-minded states as we've done in East Timor and in the international campaign against terrorism. However, the ability to respond to the challenges of failed and failing states will serve as the benchmark for the Canadian Forces. Failed and failing states pose a dual challenge for Canada. They may seem a long way to us but in the first instance the suffering that those situations create is an affront to Canadian values. Beyond this, they also plant the seeds of threats to national, regional and global security.

They generate refugee flows that threaten the stability of their neighbours and create new political problems for their regions. We've seen this in Kosovo, we've seen it in the Balkans, we've seen it in Afghanistan, and we've seen it in our experience around the world. More ominously, the impotence of their government structures makes them potential breeding grounds or safe havens for terrorism and now organized crime. We've seen this all too clearly today in countries like Afghanistan. One thing however in dealing with these issues that I would like to insist on, because this is an issue that comes up regularly, is that robust, combat-capable military forces are indispensable for Canada to make a real difference in failed and failing states around the world. There are those who think we should become the world's policemen and leave the heavy lifting of actual combat duty to others, but I have to tell you that in failed and failing states the mission is what is often described by the experts today as the Three Block War.

You have to have a military that's capable of meeting combat conditions, defeating an enemy that is determined to kill you and destroying the society where it's operating and you have to be able to have the diplomacy and the ability to reach out and work with the local population and sometimes deliver humanitarian aid. The result is an extremely complex mission for our forces today. They're called upon in an environment where they have very highly technologically advanced weapons to actually act in three capacities and there are those who say they shouldn't have to do all of those things, that it would be simpler if they were just the warriors and other people were just the policemen but the fact of the matter is in these failed and failing states, the mission itself depends on being able to accomplish all of those things.

And so, in many ways I personally believe that Canadians in these forces are particularly apt to do exactly that because they represent our collective values. When they are deployed around the world, they bring our understanding and compassion for others along with them. I believe that as Canadians we have a deeply held respect for human life and property. We've embraced our responses to protect those people who cannot protect themselves and we have strongly urged other countries to do the same. We expect our Armed Forces to act within the rule of law to ensure that no life is threatened beyond what is absolutely required in the situation.

I remember being in Kabul once and talking to a young sergeant who told me about having a youngster point a machine gun at him when he was out on patrol and I said "What did you do?" He said I reached over and just took it away from the young man. I said, "That was kind of risking your own life wasn't it?" He said, "Yes, but it was more important for me to risk taking a bullet than for me to shoot a child," which in the circumstances was right, because the weapon was an imitation weapon but he couldn't have known that when he acted that way. What that story told was that our soldiers know that when they're patrolling the streets of Kabul or when they're on one of these missions, their job is to make sure that they engage the local population in a way that the mission is successful. To shoot first and ask questions later may be the safest thing to do but the mission depends on getting the population on your side and, as you were saying Bart in your introduction, you have to be able to make sure that you create conditions that create peace as well as winning the conflict. I have to tell you that in my view our soldiers are uniquely qualified to do this and are some of the best in the world.

So in addition to the significant new equipment and the regular forces that I spoke of we're going to be able to double our capacity to intervene in these foreign situations thereby lifting up Canada's capacity and its role in the world. And our new defence policy also calls for the creation of a Standing Contingency Force to respond rapidly to emerging crises. This high-readiness task force will be made up of existing, designated maritime, land, air and special operations elements organized under a single integrated command structure. It will be ready to deploy within 10 days' notice and provide an initial Canadian Forces presence to work with security partners to stabilize a crisis or facilitate the deployment of larger follow-on forces.

We will also create a Special Operations Group to respond to terrorism and threats to Canadians and Canadian interests around the world. This group will include JTF2 our special operations aviation capability centred on helicopters and supporting land and maritime forces. Of course, in all of our international military activities we will continue to work very closely with other government departments and agencies such as Foreign Affairs Canada and the Canadian International Development Agency in order to maximize the impact and effectiveness of Canada's involvement in the world. This is an ambitious agenda, ladies and gentlemen, and what it means is it's not just about a statement, it's not just about changing what we do, we're going to change how we do it. We're going to fundamentally change the Canadian Forces to make them more effective, more relevant and more responsive.

We'll become more effective by better integrating maritime, land and air and special forces and changing our command structure. We'll become more relevant by adapting their capacities and force structure to deal with the threats of today and tomorrow particularly for those originating from failed and failing states. This of course means obtaining new capacities such as the mobile gun system and medium-to-heavy lift helicopters that we are now discussing in the military. And finally, the Canadian Forces will become more responsive by enhancing their ability to act quickly in the event of a crisis whether in Canada or around the world. Our military will be capable of arriving on the scene faster, making a rapid transition to operations once there, moving more effectively within a theatre of operations and sustaining deployments in some cases for extended periods. This new vision for the Canadian Forces will lead to a fundamental transformation of our military in the months and years to come and will ensure that the Canadian Forces will be capable of protecting Canadians here and abroad while playing a more significant leadership role in the world.

Ladies and gentlemen, as I have said several times during this speech, it's an historic time for the Department of

National Defence and the Canadian Forces and it's a great privilege to have the opportunity to be the Minister of National Defence at this particular time. Everything is now in place for real and lasting change for our military. With the recent federal budget, we've got the resources we need to strengthen our presence and our capacity to defend Canada and Canadians as well as to play a more significant role in the world. We also have the resources and the visionary leadership in the Canadian Forces. I mentioned Rick Hillier but there are others—young general officers and colonels that have seen unparalleled operational experience—who are now at the helm. They intend to fundamentally transform our military into a relevant, responsive and effective team, a team that's made up of some of the world's most dedicated, professional and skilful men and women in uniform and with the new policy statement we've got the intellectual framework required to guide and shape the Canadian Forces to face the defence and security challenges of the 21st century.

So it's with great pleasure that I introduce our defence policy statement to Canadians. I look forward to the discussions that it will engender both in Parliament and across the country. Through the combined efforts that I have outlined I believe that we are building a national institution that Canadians can continue to be proud of and one that will contribute significantly to Canada's security needs for years to come.

The appreciation of the meeting was expressed by Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada.

April 28, 2005

His Excellency Sadaaki Numata

Ambassador of Japan to Canada

JAPAN-CANADA PARTNERSHIP: CAN WE AFFORD TO TAKE IT FOR GRANTED?

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Margaret Samuel, Chief Investment Officer and Portfolio Manager, Quadrexx Asset Management and Director, The Empire Club of Canada; Kazuma Sato, Student, Oakwood Collegiate Institute; The Reverend David Harrison, St. Thomas Anglican Church, Brooklin; William Thorsell, Director and CEO, Royal Ontario Museum; Dr. Roy Norton, Executive Director, International Relations and Chief of Protocol, Province of Ontario; Sid Ikeda, Special Ambassador, Japanese Canadian Cultural Centre and 2004 Governor General's Caring Canadian Award recipient; Don Black, Deputy Minister, Economic Development and Trade, Province of Ontario; John Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada; Michael Donnelly, Dr. David Chu Professor in Asia Pacific Studies and Director, Asian Institute, Munk Centre for International Studies, University of Toronto; Keith Walter, Senior Vice-President, Sales and Marketing, MFC Global Investment Management; William Boyle, CEO, Harbourfront Centre; and John Craig, Partner, McMillan Binch LLP.

Introduction by Bart Mindszenthy

Mina-sama, konnichiwa Empire Club e youkoso.

And welcome to all of you.

Last fall, my daughter and her husband did something I've always wanted to do. They spent 10 days exploring just a little of Japan.

They discovered all too quickly that restaurant menus were not as a rule bilingual.

They discovered that her long-time pen pal was indeed a wonderful person, and that her family and community warmly welcomed Andrea and Julian.

They discovered a deep and rich history overlapped by galloping technology and at times overtaken and even overshadowed by world events.

I envied them, and I hope we might one day visit the Japan of myth and legend, of hurt and sorrow, of hope and dreams, of culture and contradictions. A place portrayed in so many ways, because it is perhaps a nation more complex than so many North Americans might want to accept.

Today, we have the pleasure of welcoming His Excellency, Sadaaki Numata, to his first official speaking engagement since becoming the Japanese Ambassador to Canada last fall.

He graduated in 1966 from Tokyo University with a bachelor of laws. After joining the Ministry of Foreign Affairs, he was sent to Oxford, where he obtained his master of arts in philosophy, politics and economics. He served at the Japanese Embassy in London from 1968 to 1970.

In the ensuing years, His Excellency has had a host of interesting positions in Tokyo and postings around the world.

From Jakarta to Washington, from Geneva and Australia to a return engagement in London, to a posting as Ambassador to Pakistan, our speaker has experienced this global village in a way few have.

And he got to speak a lot about global issues while serving for a time as his Foreign Ministry's official spokesperson.

Aside from a Vancouver stopover en route to the United States as an exchange student while in high school, the Ambassador visited Canada with Japanese prime ministers in 1974, 1980 and 1986 as a Ministry of Foreign Affairs official.

You also should know that His Excellency enjoys certain pastimes and skills only worldly ambassadors tend to experience and savour. For example, he's working on refreshing his French, and what better place than Ottawa. He enjoys music, and has been playing the guitar since his university days. It's alleged he has a wonderful singing voice, and now is considered the Japanese Embassy's answer to Gordon Lightfoot-san. And, he is fond of fly-fishing, skiing and good malt Scotch. I think those are certainly very worthy characteristics of any interesting and interested diplomat.

But a key characteristic of an excellent diplomat is to bring thoughtful, culture-crossing, challenging views and observations to share with those in other nations. To help bridge the still-too-wide global gaps in reason and understanding. To stimulate minds, views and visions so that we can find true and acceptable common ground among all the family of nations on this fragile planet.

And that is precisely the kind of excellent diplomat we have with us today.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada, His Excellency, Sadaaki Numata, Ambassador of Japan to Canada.

Sadaaki Numata

Introduction

It is indeed a great pleasure and privilege for me to speak to you today. I felt humbled when I learned about the awesome list of the speakers that have appeared before this club over the past 102 years.

I can only speak as a practicing diplomat. There have been a number of things said about diplomats. Among them, the doormat theory holds that a diplomat is someone who finds himself between two countries for people to wipe their feet on. That would not have been very nice in the middle of a Canadian winter.

Luckily, nothing of the sort has happened to me, and my wife and I have felt warmly welcomed and very at home.

Where We Are

I feel comfortable with the state of Japan-Canada relationship, which is sound and relatively problem-free. The BSE problem is pending, but I believe that it is on the way to a scientifically based resolution.

At the same time, we cannot just sit back and relax and take our partnership for granted. There may be a risk of our slipping into complacency, if not apathy. We should be conscious that, to use a pugilistic metaphor, the Japan-Canada partnership may be "punching below its weight."

In fact, there is a feeling in Japan that Japan, as a nation, is punching below its weight, and there is apparently a similar feeling in Canada about Canada's role in the world. We are both given to soul-searching (or navel-gazing) about our respective roles and places in the world. In Canada, it may be a case of hankering after the golden age of Canada's role in world affairs, such as in the drafting of the United Nations Charter, the Suez crisis, UN peace-keeping, the Colombo Plan, etc. Japan, on the other hand, strove to rebuild itself from the debris of World War II, and, with its return to the international fold, has been seeking to play a more proactive role as a responsible member of the global community.

How Japanese See Canada

Japanese tend to think of Canada as a country of natural beauty (the Canadian Rockies, Niagara Falls, Prince Edward Island—Anne of Green Gables, and Northern Lights), a neighbour of the United States, a peaceful nation, and an exporter of natural resources such as wood and pulp, oil seed, pork, coal, etc.

A group of editorial writers for Japanese local newspapers travelled through Canada last autumn. Upon their return home, they told their readers that (a) Canada is a multicultural country (a "salad bowl" or a "mosaic"), (b) Canada is a "PKO (UN peace-keeping operations) big power," and (c) Canadians think of themselves not as "siblings" of Americans but as "cousins."

Through my travels so far to British Columbia, Alberta and Nova Scotia, in addition to Toronto and Montreal, I have only begun to see firsthand the rich diversity of Canada. Victoria is very much like England with a much better climate. Vancouver is really like an Asian city. Calgary evokes the image of cowboys with lassos. Halifax reminds us of the sea that both nourishes and kills people.

I am happy to see that this message of the diverse attractions of Canada is being spread to the Japanese people through the Canadian Pavilion at "EXPO Aichi, 2005," whose theme is "Wisdom of Diversity." I hope that as many of you as possible will have a chance to visit EXPO, which will go on until September 25. That will help us achieve our goal of increasing the number of Canadian visitors to Japan from the current 140,000 to 200,000 a year by 2010. The number of Japanese visitors to Canada was about 400,000 last year. We are aiming to double this to 800,000 by 2010. Let us hope that, in five years, we will have reached a two-way flow of one million visitors a year!

How Canadians See Japan

Canadians tend to think of Japan primarily in economic terms, such as automobiles and electronic products. I wonder whether their perception has kept up with the dramatic changes that have been taking place in Japan.

In the "lost decade" after the bursting of the bubble in the early 1990s, the Japanese economy has had to undergo painful adjustments to the harsh realities of the market. There has been a shift away from manufacturing such as autos, steel and chemicals, which used to be the engine of Japan's post-war growth, to information technology and services. The banking sector has had to grapple with a huge accumulation of bad loans and streamline itself. It has become no longer tenable in many cases to maintain the system of life-time employment and promotion based on seniority.

A host of structural reforms undertaken under the leadership of Prime Minister Koizumi has paved the way for an economic recovery led by the private sector without relying on heavy public spending. The "negative legacies" of the lost decade are being cleared away: the bad-loan ratio of the major banks has been reduced by half; corporate profitability is improving as labour restructuring has run its course; and the employment situation is improving. The economy has been expanding for three consecutive years, and is now recovering at a moderate pace, although there remain some signs of weakness. As the corporate outlook continues to improve and the world economy recovers steadily, Japan's economy is expected to recover steadily as well.

There are also some signs of paradigm changes in Japanese society. Non-Japanese CEOs have been appointed at top-notch Japanese firms, such as the Brazilian-born French Lebanese Mr. Carlos Ghosn at Nissan and the British-born Sir Howard Stringer at Sony. The CEO of BMW Japan, who had worked her way to the top from being a sales lady, has been recruited to rescue Daiei, a beleaguered supermarket chain, as its CEO. A hostile take-over bid by a 32-year old, T-shirt clad IT venture businessman to gain control of a major television network has been seen as a challenge to the old guard of the corporate and media establishment.

A New Economic Partnership

When Prime Minister Martin visited Japan last January, he agreed with Prime Minister Koizumi that Japan and Canada should try to realize the full potential of their relationship. Our two governments are in the process of developing an innovative economic framework, which will comprise enhanced co-operation in 15 priority areas including customs co-operation, investment promotion, regulatory co-operation, science and technology co-operation, and a joint study on the benefits and costs of further promotion of trade and investment and other co-operative issues.

As we move forward with this task, we should bear in mind the impacts that our two economies will have on the world economy from the following perspectives.

Firstly, Canada's GDP is about one-sixth of that of Japan, but Canada carries a great deal of weight in the world economy, if you take into account its influence on the U.S. economy. Japan is also a part of this linkage. For example, Canada produces five times more Japanese-brand vehicles than it imports from Japan, and exports them to the U.S., by far its biggest trading partner. With respect to Asia, Canada's International Trade Policy Statement published last week recognizes the inter-linkage between the Japanese, Chinese and South Korean economies, and states, "No lasting success can be achieved in China and other dynamic Asian economies without involving Japan." In fact, China is now Japan's second-largest trading partner after the U.S., and as many as one million Chinese may be working at Japanese-affiliated firms in China. Thus, China's weight to the Japanese economy or Japan's weight to the Chinese economy is much greater than simple bilateral trade figures suggest.

Secondly, Japan and Canada have both benefited greatly from GATT and IMF. These systems have been essential for Canada, which has the highest trade dependence (58.9 per cent of GDP in 2003) among the G7 countries, and Japan, which has to depend on imports for most of its energy and resources supply. They have both actively participated in the GATT/WTO rounds of negotiations, and have an important stake in ensuring the viability of WTO and IMF.

Thirdly, structural changes are taking place in the Japanese and Canadian economies. There is a shift under way from a goods-based economy to a knowledge-based economy. The focus is increasingly on the development of biotechnology in pharmaceuticals and chemicals and the "hydrogen economy" such as fuel cells.

The Asia-Pacific Context

Canada's interest in East Asia seems to lie primarily in the region's role in the global supply chain. For East Asia to play this role fully and benefit Canada, it is vital that peace and security in the region be maintained. Where does Japan stand in this context?

Unlike the Canada-U.S. alliance, Japan has forged its alliance with the U.S., in the wake of the defeat in World War II, across the vast stretches of the Pacific. The alliance has withstood many challenges over the years. Today, as a mature, stable ally of the U.S., Japan plays a key role in sustaining democracy, stability, and prosperity in Asia. For the past six decades, Japan has steadfastly maintained its determination never again to become a military power and its principle of resolving all matters by peaceful means, without recourse to use of force. Its Self-Defence Forces have never engaged in combat anywhere.

Japan has been an economic power for some time and is now evolving as a political power. China has long been a political and military power and is now emerging as an economic power. People sometimes speculate on the possibility of an intensifying rivalry between the two. It is clearly in their mutual interest for Japan and China to work together as partners for peace, stability and prosperity in the region. Japan, for its part, is determined to make every effort to deepen our mutual trust and understanding through dialogue and co-operation, thus building a future-oriented Japan-China partnership.

North Korea's nuclear program is a matter of acute concern to all of us, and we will continue to make every effort for the resumption of the six-party talks.

The Global Agenda

Japan and Canada share such basic values as freedom, democracy, belief in the market economy, and respect for human rights. We also share certain national traits. We do not seek to assert predominant leadership or throw our weight around, but prefer to work in concert with others through coalition and consensus building. We are both dedicated to peace. We have successfully co-operated, for example, on the banning of anti-personnel landmines under the Ottawa Convention. As such, we are well placed to co-operate on a number of global issues. We are working together toward the early realization of UN reform.

Over the past decade, Japan has become actively engaged in international peace-keeping and humanitarian relief activities. For these purposes, it dispatched its Self-Defence Forces troops to Cambodia, Mozambique, former Zaire, Golan Heights and East Timor. During the Operation Enduring Freedom in Afghanistan, the Japanese Maritime Self-Defence Force supply ships refueled Coalition vessels including Canadian naval vessels in the Indian Ocean. Some 600 Ground Self-Defence Force troops have been deployed in Iraq since January 2004 to provide humanitarian relief and support Iraq's reconstruction efforts. Canada has a proud record in peace-keeping and peace-building. We have a lot to learn from Canada's experiences in this field, and there may be scope for our further co-operation.

A pressing global challenge is the environment, especially climate change. We welcome Canada's initiative to host the COP11 and COP/MOP 1 in Montreal in November. Sharing the same target of 6-per-cent reduction of greenhouse gas emission by 2012 compared to 1990, we will have a lot to learn from each other, and also a lot to share with others in the use of advanced technologies to meet our common goals. We will be working together in moving beyond Kyoto towards a regime that encompasses the United States, China, India, and other countries that have not signed on to the Kyoto Protocol.

Development, especially African development, is a matter of urgent priority. Japan has provided one-fifth of the world's total Official Development Assistance (ODA) for the last 10 years, and will continue its efforts towards the goal of providing ODA of 0.7 per cent of our gross national income in order to contribute to the Millennium

Development Goals. From this point of view, Japan will ensure a credible and sufficient level of ODA. This year is the "Year of Africa." Japan will hold the fourth TICAD (Tokyo International Conference for African Development) in 2008, and, in the three years to come, will double its ODA to Africa, with grant aid continuing to be its central feature.

Both Japan and Canada are promoting the concept of "Human Security," which aims at protecting and empowering people against critical and pervasive threats to human life, livelihood and dignity, and thus enhancing human fulfillment. Japan established the Trust Fund for Human Security within the UN, to which the contributions amounted to US$256 million by December 2004. Through the Trust Fund and other forms of ODA, we support projects and programs that address diverse threats, including poverty, conflicts, refugees and internally displaced persons (IDPs) problems, and infectious diseases such as HIV/AIDS and malaria.

The Security Council should reflect the reality of the 21st century, not that of 1945, in the composition of its membership. The Japanese people feel it unjust that, though Japan's contribution to the financing of the UN, amounting to some 20 per cent of the UN regular budgets, exceeds the sum of the contributions of the four members of the Security Council, that is the UK, France, Russia and China, it has been unable to take part in the key decision making.

Japan thus attaches the highest priority to the reform of the Security Council through the expansion of both the permanent and non-permanent membership categories, including both developing and developed countries for permanent seats. Japan will co-operate to the fullest with a view to reaching a decision on the reform of the Security Council before September, as proposed by the UN Secretary-General Kofi Annan.

Conclusion: A Mutually Enriching Global Partnership

If we lift our sight beyond our bilateral confines to the Asia-Pacific region and to the world, there are a number of fields in which our interests converge. It is the task of the policy makers on both sides to chart the ways in which we can work together as global partners.

Naturally, a global partnership needs to stand on solid bilateral underpinnings. There are some encouraging signs in this regard.

Parliamentarians in Japan and Canada represent the regional, social and other diversities of their respective countries, and play a very important role in bridging the two peoples. The parliamentary exchange between Japan and Canada is probably the most active exchange of its kind that Japan has with any country.

Everywhere I have travelled in Canada so far, I have come across a number of people whose children, brothers or sisters, cousins, nephews or nieces have been to Japan to teach English at secondary schools in various regions of Japan. These JET returnees, totalling more than six thousand and spread all over Canada, are bringing Japan closer to the people in their respective communities.

More and more young children are interested in learning the Japanese language. This is partly because young Canadians are increasingly attracted to contemporary Japanese culture, such as manga and anime.

In 2003 and 2004, we celebrated the 75th anniversary of the establishment of Japan-Canada diplomatic relations. I see 2005 as the year to energize our partnership and move forward on the path to a mutually enriching global partnership. I look forward to ideas and suggestions from the distinguished members of the Empire Club as to how we can set about this task and start “punching above our weight” together.

The appreciation of the meeting was expressed by John Koopman, Vice-President, Spencer Stuart and Immediate Past President, The Empire Club of Canada.

Edward Greenspon, Editor-in-Chief, The Globe and Mail, Robert Hurst, President, CTV News, Ken Shaw, National Editor and Anchor, CTV News at Six and Director, The Empire Club of Canada and Tony Burman, Editor-in-Chief, CBC's English Services Division—CBC News, Current Affairs and Newsworld.

May 5, 2005

Edward Greenspon

Editor-in-Chief, The Globe and Mail

Tony Burman

Editor-in-Chief, CBC English Services Division—"CBC News," "Current Affairs" and "Newsworld"

Robert Hurst

President, CTV News

MEDIA EVENT—WHAT IS NEWS?

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

John Wright, Senior Vice-President, Public Affairs, Ipsos-Reid and Director, The Empire Club of Canada; Veiko Parming, Grade 11 Student, North Toronto Collegiate Institute; Grant Kerr, Pastoral Staff, St. Paul's United Church, Brampton; Chief William Blair, Toronto Police Service; The Hon. Barbara McDougall, Advisor, Aird & Berlis LLP, Former MP and Cabinet Minister; David Milliken, Senior Vice-President, CNW Group; Anne Fotheringham, Owner, Fotheringham Fine Art and Director, The Empire Club of Canada; and Darrell Bricker, President, Ipsos-Reid Public Affairs.

Introduction by Bart Mindszenthy

What is news?

Let me tell you what I learned so long ago.

I earned a double major at university. One of them was in journalism. In the very first class on the very first day of my experience in J-school, in walked a man whom I would come to adore and respect until the day he died not too many years later. Frank Gill was his name. Serious journalism was his game. He strode into the classroom with a cigarette in one hand, a fedora on his head, clutching a batch of newspapers under an arm that he dramatically slammed down on the desk at the front of the room. He stood there for a few moments, examining us with piercing if somewhat bloodshot eyes, and growled, "So can anyone tell me: what is news?"

We all said things, I have no recollection what, except that he kept shaking his head, "No," and repeating, "so tell me, what is news?" Finally, he growled ever louder: "Ladies and gentlemen, boys and girls, let me tell you the right answer, and never forget it. News is not when the dog bites the mailman, news is when the mailman bites the dog." And that's all I remember from three glorious, irreverent years of journalism school.

Well, today we are going to take what I believe will be a much deeper look than Frank Gill gave me. And that is a good thing. Because professional journalists today must shoulder a huge responsibility and bear serious accountability for what we're told, when and how.

I don't know how you feel, but I want to know I'm getting a balanced story, that I get the correct facts, that I'm being told the truth and not someone's slanted, biased view driven by some personal agenda or vendetta.

I want to know that what I'm reading or hearing or seeing is real, set before me by a team of people guided by sound ethics and values and actually caring about the quality of the news and information they pass on to me.

And that is a very good segue to get me to introducing the moderator of today's panel discussion: the affable, talented and ever-focused Ken Shaw.

Mr. Shaw has been a valued Director of the Empire Club for several years. But I suspect he's even more valued as the National Editor and Anchor of "CTV News at Six."

He joined CTV Toronto as a reporter in 1979 while also reporting for such U.S. programs as "Good Morning America" and "Nightline."

But you should know that Mr. Shaw gives amply of his time to many worthy causes from Variety Village to Toronto's Hospital for Sick Children.

So now, it's a pleasure to ask my favourite news anchor, Ken Shaw, to introduce our distinguished panel, explain the proceedings, and also outline and guide the question-and-answer session that will follow the presentations.

Ladies and gentlemen, please welcome Ken Shaw.

Ken Shaw

Thank you very much Bart especially for the fact that I'm your favourite news anchor because Peter Mansbridge is now getting ready to throw buns. Peter, of course, is a very familiar face who we have all welcomed into our homes for many years from CBC. Ladies and gentlemen please say "Hi" to Peter Mansbridge.

As we draw back the curtain today to reveal some of the rationale that goes into compiling the nightly newscast and putting together the daily newspaper, we are honoured to have with us three of Canada's not only most experienced and most influential, but apparently three of Canada's most ethical journalists. These are the guys who make the decisions.

Now I must at the same time declare a certain bias here. Not only are two of these gentlemen with the same company as I am and one of them is in fact my boss (you will know which one as I will be giving him the standing ovation) but also at the same time these are really the cream of the crop. The media are not going to be judged uniformly. It is just like when we go out to buy a car and you kick the tyres and there are used cars and there are new cars. There are expensive cars and there are not-so-expensive cars. These fellows are the top of the industry so you are getting the chance today to hear about how the newscast is being put together by three who are at the top end of that ladder.

So what is news? Who decides and on what basis? Who ensures that coverage is fair and balanced? First up today we're going to hear from Ed Greenspon, who is Editor and Chief of the Globe and Mail and who's held that post since July 2002. Ed is going to be speaking on the first of three areas that we divided this into.

Ed has an honours degree in journalism and political science from Carlton University. He was a Commonwealth Scholar at the London School of Economics, earning a master's degree in politics and government with distinction in 1985. He joined the Globe in 1986 as a business reporter and has held various positions over the years, among them European Business Correspondent, Deputy Managing Editor, Executive News Editor, Founding Editor, www.theglobeandmail.com and Ottawa Bureau Chief.

He has also written a number of books and won numerous awards making him well qualified to attack our first topic today—the process of deciding what is news and what stories get priority.

Please welcome Edward Greenspon.

Edward Greenspon

Thank you, Ken. Thank you ladies and gentlemen and the Empire Club for the opportunity to be here with you today.

It is my pleasure to be here with two great broadcasters, one of whom I as a taxpayer like to think I control and the other who is a fellow shareholder and likes to think he controls me. You sort it out. I'm also happy to see that Peter Mansbridge is here.

On my right and your left, I see a table from CTV and I can't make everybody out but I see Lisa LaFlamme and Dan Matheson and several others, which leads me to the fact that you are here at the rarest of Canadian media events. This is the first time in my experience where CTV outnumbers CBC in a room at an event.

Bart, I want to thank you for the invitation. I know we have been discussing this in one way or another for about three years. Each year that I held out I was cut fractionally in terms of my presence on the panel. I was going to be doing this alone; I was going to be sharing it with somebody; now I'm a one-third panelist which is good. But having spoken to my other panelists they don't mind at all if I use up all the time so I think that's fair too.

In fact print folks do have a little habit of rambling and I hope the broadcast guys will reel me in. Our story meetings are scheduled to go from 10:30 to 11:15, but they tend to go from 10:40 to about 11:40 every day. This morning I didn't take the story meeting because I was preparing my remarks and our deputy editor, Sylvia, did the story meeting. They were out in about 20 minutes. I asked her how she could do the whole meeting in 20 minutes. She said: "Well you weren't there," which was a real vote of confidence. Thank you Sylvia.

I'm going to do my best to address some of these questions very quickly and then leave a lot of time for questions and answers afterwards.

The key function of any editor is that of selection. Every day we are confronted with hundreds indeed thousands of choices from which to choose which stories we want to pursue and how we want to deploy our forces. We have to decide what's going to make it in the paper, what's going to make it in the newscast, and in our case we are a newspaper and a Web site, that's visited by 250,000 people every day. That is an important part of our decision making as well and has changed our culture dramatically. We are not just once a day. We are on 24/7 like radio or all-news television. Not only do you have to select what you are going to cover, you have to select what you want to play big, what you want to play small, what you want to put on the front page, what you want to put a team of reporters on and where you want to send your photographers. There are all sorts of decisions like that to make.

Now there is no science to this. Academics for years and years have tried to reduce this to a science. It is an art. It's in your gut; it's in your experience. It's a craft, not a profession. Having said that, there's some kind of commonality that we seem to come to so there must be some form of science that we haven't completely deciphered, because at the end of every afternoon, about five in the afternoon, about half a dozen editors sit down either in my office or Sylvia's office and we decide what the front page of the paper will be the next day.

Editors normally agree on about half the choices of the paper. On a normal day we will have five stories on the front page and they basically see eye to eye on three of the five and then they will certainly discuss the others.

Now we do some preparation but the news sneaks up on you. Even when you know it, it sneaks up on you. One of the most enjoyable parts of my job is participating in these discussions. One of the most enjoyable nights for me in recent times was the U.S. election night because we had it all figured out. We had plan A—deadlock. Plan B—Bush wins four more years. Plan A worked for a while; it worked until about midnight or so and then we had the situation where it was just clear to everybody that Bush had won. However, Ohio wasn't quite in the bag officially and Kerry wasn't conceding and most of the U.S. networks and the wire services having been burned in 2000 were afraid to declare a victory. We were all sitting there and our next deadline, because we have rolling deadlines through the night for different editions, was about 1 a.m. and before 1 a.m. the front page editor and myself and a couple of other editors sat down and we discussed what we had, what was the story now and how had the story changed.

We were amazed by the series of plebiscites on same-sex marriage in the States and we decided to put that story on the front page, which had not been in our plan. Then our front-page editor and I after everyone left decided that it was not "deadlock" and it was not "Bush for four more years." So our front-page editor scratched his head a couple of times and came up with what I thought was a great headline. Indeed it was cited by the Society of Newspaper Design as one of the best six headlines in the world the following day. It was: "It's Bush (probably)," which was actually for once being really honest with your readers.

The next day at our story meeting, Kerry having been defeated, the front-page editor was doodling in the corner and other people were discussing stories and he said: "Well I know the front-page headline already." It has got to be "It's Bush (definitely). And that's what it was. What you don't know is that the next night, Yasser Arafat looked like he was dying and there was a brief discussion until cooler heads prevailed that it would be "Arafat's death (probably)." Now in fact the Chairman hung on for another six days so we were pleased that we didn't do that.

The two most basic questions we ask ourselves about front-page selection are: "Is it significant?" and "Is it interesting?" I've always liked this line from the late great CBC broadcaster Barbara Frum, which went something along the lines: "Tell me something new about something I care about. Tell me something I don't know about something I care about." And I think that's a pretty good standard to apply to whether a news story really matters.

At the moment we are all captivated by the drama in Ottawa and it's easy, in a sense, to decide your front page. You don't want predictability so you're almost bending over backwards to find something else that's not a political story. Has the story gone down enough so that we can get something else in there? Now it is a great story. It affects everyone, which is important for a national newspaper. It occurs in this ready-built theatre—Parliament—and possesses all those great qualities of conflict and drama on which we thrive. The main players have what they call in politics good recognition factor. We have reporters already on site and we don't have to pay extra money to get them out there and the story is evolving because there is nothing worse in journalism than a static story. And most importantly the story matters because who governs you is important. Now not everybody will buy that in your readership. There are many people who find politics very boring. Many people find it a cruel and unusual practice and cruel and unusual punishment when it is inflicted upon them. I'm always reminded of the definition of politics by a comedy team who said it came from two Greek roots—poly for many and tics for a blood-sucking insect. But that's part of what makes it so fascinating of course.

I just want to say one other thing about front pages, which is what I was mostly asked to concentrate on and then I'll be happy to answer some of the questions that Ken reads during the question-and-answer period. We are in a bit of a visual revolution in the newspaper business. Our visual revolution is arriving decades after other people's visual revolutions perhaps, but it is very profound. There is a culture that came with colour into newspapers, a design culture that allows you to do some very special things that wouldn't have been possible beforehand. It makes some very grand statements and in a very crowded newspaper market sometimes you want to make these grand statements that say that this is not just an ordinary day. This thing is extremely, extremely special and we are able to that now and we at the Globe are experimenting with that as are I think others. And for us the experiments have been good.

I don't think you want to draw from that well too frequently or else you lose the uniqueness of those days, but when we did our China special edition last fall we drew from that well. We had Chinese characters on the front page of the Globe and Mail along with the English words:

"If you can't read these words you better start brushing up. A profound global shift has begun—the kind that occurs once every few lifetimes. Don't be left behind."

More recently, we did a very special front page around the Air India verdict. We had the two accused with a not-guilty pronouncement next to them on the top quarter of the front page and then on the bottom three-quarters of the front page we had in large letters "Innocent." Then we had a roll call of the deceased from that tragedy in order of age, which was very profound to look at because you got about a third of the way down the list before you hit anybody who was 18 or over. And that was a statement we were making, not about the verdict (in fact our editorial thought the judge had come to the correct verdict with the evidence before the judge), but about the nature of the tragedy itself.

I will end with this final point. We are very careful and very cognizant, that we don't want to be a partisan. We are not a political party; we're a newspaper. But it would be very unfair I think of us to pretend that values aren't part of the prism through which news judgments are made, because they are and with that Ken I'll turn it over to everybody else. Thank you.

Ken Shaw

We are now going to hear from Robert Hurst, President of CTV News. Robert has held that post since September 2002. Robert is responsible for all CTV news operations including "CTV News" with Lloyd Robertson, "Canada AM," "W5," "CTV News Net" and the local newscast at CTV's 11 major market stations.

For more than 20 years Robert covered Canadian and international news as CTV's resident correspondent in Edmonton, Halifax, Ottawa, Beijing, Washington and Moscow. You have watched reports from Robert covering seal hunts, the shooting down of Korean Airlines flight

007, and the downfall of the Marcos dictatorship in the Philippines. As Washington Bureau Chief, he covered the end of the Cold War, the Gulf War and reported extensively on the civil wars in Haiti, Nicaragua and El Salvador. His last foreign posting by the way was Moscow in the early 1990s where he reported on the collapse of the Soviet Union and the emergence of the new Russian State. Robert has also been an author and has won several prestigious awards.

Please welcome Robert Hurst.

Robert Hurst

Thank you, Ken. Your standing ovation can begin any minute.

We were each given eight minutes so what am I now down to? I love Ed, my colleague at the Globe and Mail. We used to use him on CTV's question period on Sunday afternoons, but in television we have time restraints. We don't use him any more.

This actually is an uncomfortable position for all three of us to be in today, especially for Mr. Burman at the CBC, whom you will hear next, and me, because we all compete head to head every day trying to knock the other person flat on their ass on the canvas. It has often been said that the greatest competition in this country every day is not between airlines or telephone companies, but between CBC and CTV national newscasts. This is kind of an uncomfortable situation for us. I would actually like to thank the Empire Club for putting the CBC table over here and the CTV table over there.

So we compete hard, head to head, every night. Tony Burman has spies because they are trying to find out what we are doing as we are aggressively pursuing the news every day. I have spies—all of our reporters and our producers. "What are they doing? Where are they going? What do you hear?" A few weeks ago, we couldn't understand why the CBC was doing matchers to some of our exclusives that we had spent so much time developing. It turned out, because we did a little bit of internal investigation, that somebody from the CBC was on one of our e-mail distribution lists. That's actually true. It was by mistake—we believe.

The CBC did a big news study about a year ago. It spent a lot of money to find what people think of the CBC Canadian news in general and as Tony was going through his news study, we got a brown envelope at the door with the CBC news study two or three days before he could even show it to his staff.

I'm not sure what you people came here today to see. Three ink-stained wretches, the head of the news organizations, who are really in an uncomfortable position here because we compete head to head with each other. If you were looking for the three amigos, that's not us. I suppose we are urban cowboys, but we are not the three amigos. If you were looking for the three tenors up here today, I'm not sure that any of us if given a song sheet could sing to the same tune. I asked my assignment desk earlier today what they would suggest. I said: "I'm going out to lunch with these other two people who we compete with all the time, and we are the three something; what do you think we should be called?"

They said: "The three stooges."

I'm going to be short and I have just one brief thing to say because we want to take your questions. Ken said to me that my topic was bias in the news. Indeed every reporter and editor goes to a story with biases, because that's where they came from, where they grew up, what affects them and we as editors and as news organizations tell those reporters to leave their biases at the door. They do most of the time to the best of their ability and conform to the best of their ability and our editorial oversight to our policy goals, which is fair and balanced. I just wanted to make the comment that maybe we should flip this around in terms of our own media bias and ask the question: "Who really influences the news and what are the largest influences on the news?" The question is: "Are they really media biases or are they external factors?"

I would suggest to you that in large measure external factors, external organizations and individuals attempt to influence the news. I would suggest that the more you or your company or your organization or your political party is in the news, the more that you or your company or your political party tries to influence the news. And the biggest organization or group, that tries to influence the news, are politicians and political parties.

On Parliament Hill in the parliamentary press gallery there are about 110 reporters. Those are journalists, reporters. They are not camera crews or sound individuals or technical editors. They are reporters. There are today more than 5,000 registered lobbyists. On top of that there are speech writers for cabinet ministers, communications departments for every ministry and every government, every opposition group, every thinktank, every lobby group in Ottawa to the tune of about 15,000 people all trying to influence the daily news. And if you put those all together, that's about 20,000 people on Parliament Hill at the political level of the political establishment who are trying to influence the news against say 100 reporters.

I say it is uncomfortable to be up here, because Mr. Burman and I compete head to head every single night and we are really not allowed to talk among the networks. There is the odd time that we do talk and such a thing happened about three weeks ago, when there was an effort from the Prime Minister's office at the political level to directly influence the news and broadcasting. You will remember the story; it was about three weeks ago. I was sitting in our national newsroom at about 3:30 in the afternoon and we got a flash from our parliamentary bureau in Ottawa. The Prime Minister has announced that he wishes to address the Canadian people tomorrow night at 7:45.

This was somewhat of a surprise to CTV because at 7:45 we are in the middle of "Jeopardy" and at eight o'clock we were going to have "The Amazing Race" live. We knew what the other programmers had planned. The CBC had a science special with David Suzuki, an original, and our friends over at Global at eight o'clock had the number-one show that week which was "Survivor." We had not received any request at all or a consultation from the Prime Minister of Canada or his officials who were all trying to influence the news.

We really didn't know what to do. We scratched our heads and through that evening each of the networks had internal discussions. And quite frankly if it was at 7:45 we were all probably not going to carry it even though the Prime Minister's office wanted his message to be spread far and wide to the people of Canada.

So early the next morning, Mr. Burman and I and the guy from Global had a phone conversation even though we know we are knocking each other out every day. That phone conversation was "How's the wife and kids? Been on vacation recently? I see your ratings are up or down or whatever," because usually when I am sending a telephone message to Mr. Burman it's about some material that they have stolen from my newscast the night before. And then he calls me and makes the same accusation (we never steal any television pictures from the CBC). So we are having this tentative discussion and finally we talk about the request from the Prime Minister's office. It then emerged that if we engaged the Prime Minister's office maybe they could do it at seven o'clock eastern time. So we all got back to the Prime Minister's office. The Prime Minister's office in trying to influence the news didn't want to formally request national air time and we asked whether it was a political speech. "Oh a very important speech," said the Prime Minister's office, "newsworthy, very important." Well we thought it was going to be a political speech, which of course was what it was. So the end result was it was on at seven o'clock and we got the opposition leaders to come out. You saw the ratings yesterday in terms of the Prime Minister's ability to go directly over the heads of journalists and speak to the Canadian people; 3.8 million Canadians saw that broadcast with the Prime Minister and the opposition leaders. That was a direct influence on the news and we probably still wonder if we did the right thing. I will leave it here to take questions.

Ken Shaw

By the way I should mention that while they do operate separately the networks do talk about things, for example, the fact that we have an election around the corner. All three English networks got together and formed a group to go to the political parties and suggest a change in the debate forum. In previous years they have felt that there was too much interruption, too much argument. They wanted to change the format so that they have more genuine interaction there. Also they are asking the parties to agree to two debates in French and two debates in English, the second debate in English to be held in Western Canada and to recognize some of the regionalist issues that exist in this country.

Now the next thing we are going to speak about are the ethical issues that journalists face. Sometimes you may look at your nightly newscast and wonder why they show dead bodies in Iraq but they don't show them in Canada. Is it because they are Iraqis and not Canadians? How do journalists cover trials of those with extremist and/or offensive opinions? John Robin Sharp out in Vancouver or Ernst Zündel. What about the pack mentality? Robert mentioned that there are 110 journalists in the parliamentary press gallery. What about the way they move in a pack and/or sense blood in the water?

To look at some of those issues we are going to ask Tony Burman, the Editor and Chief of "CBC News," "Current Affairs" and "Newsworld" to come up here. Tony is responsible for all of CBC's information programming on CBC radio, TV and cbc.ca. Tony is one of the most experienced journalists in Canada. He started his career with the Montreal Star, he has produced many award-winning news and documentary programs for CBC television and radio and has worked in more than 30 countries covering such stories as the release of Nelson Mandela in South Africa, the Ethiopian famine and the civil war in Lebanon. He has experienced many of the ethical issues that journalists face.

Please welcome Tony Burman.

Tony Burman

Thank you Ken and distinguished guests and ladies and gentlemen. Ethics means always telling the truth so I love the ritual of clubs like the Empire Club. I must confess that I did confide in my CBC colleagues that I kind of like the idea that when I walk in the room they stand up. I think it is something that I hope they emulate when we return.

As Ken indicated, I started my professional career in the early '70s in Montreal as a young reporter and my big first story with hundreds of other reporters was the FLQ crisis. I would say that the story that really had the most impact on me at that stage of my career was Watergate—the whole break-in, the incredibly gutsy efforts by the Washington Post, by the reporters Woodward and Burnstein to kind of break the case—and I remember thinking that this was a great example of a news organization holding a government accountable on behalf of the public. There was also a time when the Post and these two reporters blew it. They got something wrong and immediately Ben Bradlee had the Post apologize the next day and move on. It occurred to me then that this was also a marvellous example of an organization holding its own journalists and its own journalism accountable.

I think that was for a lot of people, certainly not the public at large, but particularly young journalists, a very inspiring event coming at that stage in our lives. I remember thinking after many, many glasses of wine with my buddies, that the world was lucky to have such an impatient idealistic public-spirited generation of young journalists about to improve their lives.

Looking back a little more than 30 years, I'm struck by the incredible arrogance of that comment back then, but I'm also struck by how things have changed. Things really have changed. In some ways they probably haven't changed at the governmental level. I think we in Canada have been reminded about the ethical challenges of governments and of public officials but contrary to the report referred to earlier I think the credibility of all institutions including the media really has been taking a battering lately. I think the assessment of our job and credibility is being made by people, by Canadians and others, in a climate of distrust about all institutions.

A recent study in the United States indicated that nearly two-thirds of Americans think that news reports are basically inaccurate. The good news in Canada is that the figure in a similar study is not two-thirds of Canadians but one-third of Canadians. Also 80 per cent of Canadians, according to a recent study, think that reporters' biases affects news coverage.

There have been controversies that have really defined the journalistic debate—the whole BBC incident, the New York Times controversy over Jayson Blair, the CBS and Dan Rather affair and the plagiarism cases involving a lot of American newspapers including USA Today. What's notable about that list is that none of these rather famous and now fable examples are Canadian examples.

There is less skepticism so far among Canadians towards Canadian journalism and Canadian journalists but there is a reason for that. There really has been, and we're thankful about it, no incidents in recent years, of the scale that I referred to and I think the reason for that is not an accident. There really has been an aggressive effort on the part of Canadian journalists to learn lessons.

Within the CBC some of us were reflecting a little while ago that we spent much time examining the BBC incident and what lessons we should extract from it that would apply to the CBC; almost as much time as I think a lot of the BBC journalists. There are lessons for newspapers as well as broadcasters—the lessons of the New York Times and the lessons of the USA Today. I think there has been a really proactive aggressive effort on the part of all new organizations. I'm not only talking about the CBC. I'm talking about quality papers like the Globe. I'm talking about some of our commercial networks. I'm even on this rather gentle moment including CTV for the sake of this discussion.

In this period where all institutions seem to be under examination there still is a basic recognition on the part of Canada that the media are important in the sense of reaffirming why we have this country north of the 49th parallel and that has been reflected in surveys.

At the CBC we have always been aggressively concerned about that for obvious reasons. The credibility of the public broadcaster is really at the heart of why we exist. (Bob made reference to the CBC news study. I'm glad that he did get the doctored copy that we sent to him. That has really helped us.) Canadians in this study told us that they really want a kind of radical re-definition of what news is. They want a broadening of that definition. They want us to include far more sides to the story than this black-white polarity that the media have created. I think we've tried to implement a lot of the changes in the past three or four months, but many of the changes will be really quite evident this fall.

So my sum-up is that ethics as it applies to journalism is not only at the heart of why the CBC exists but is really at the heart of what motivates journalists like Bob, journalists like Ed and I think journalists across the country in Canada. I really do think that one of the advantages of the catastrophes that have affected large organizations in Britain and France and the United States is that it is a kind of a warning to us all that there but for the grace of God go we.

Thank you.

Ken Shaw

Thank you Tony. Now questions and answers. Tony, I suppose this one is addressed to you. Why do you think so many Canadians have the perception that the CBC favours Liberal governments?

Tony Burman

I would challenge the premise. I think in a variety of studies done independently of us, it is actually untrue, factually untrue to say that Canadians feel that way. The relationship that the CBC has had with the current government and as it existed with the Mulroney government, you can go right back to the Trudeau years, has essentially been the same. I don't think there is any evidence to suggest that Canadians feel that way. I think that many Canadians do feel the CBC has a "small l" liberal bias. We are very conscious that the CBC in its kind of aggressive way to hold the powers that be accountable doesn't make the airwaves uncomfortable for people who hold socially conservative views and I think that's an issue that we take very seriously. On the issue of whether or not we are partisan there is no evidence in any study that's been brought to my attention that Canadians in any significant numbers feel that.

Ken Shaw

Robert or Ed would you rather like to come on the attack or to Tony's defence?

Edward Greenspon

I agree with the aspects Tony said. When I listened to the question I thought the question was going to be small l liberal as Tony has alluded to. If there is any accusation, it would be about "small l" liberalism. If anybody listens to cross-country check-up on Sunday one would think that the political centre of the country is not where the political centre of the country already is. I guess you can't control your listeners and I think certain listeners are probably attracted more to it but I was in Ottawa for years and years and I wouldn't for a moment think there is anything less than a professional attitude in the CBC's reporting and the CBC anchoring vis-à-vis the parties. I see them as even-handed and I'm sure that the Liberal Party of Canada wouldn't agree with the proposition that the CBC favours the Liberal party.

Robert Hurst

I noticed off microphone that the former conservative cabinet minister Barbara McDougall when the question was asked about perceptions of liberal bias of the CBC shouted out: "Because they are." Did I quote you correctly Ms. McDougall?

Barbara McDougall

Absolutely.

Robert Hurst

You know that the CBC does a very good job. We think it is a quality newscast most nights. And just because they're using your material Barbara I think that when it comes to the political level, all of us be it in broadcasting or in print are under criticism from those who do not like to be criticized especially at the political level. Speaking on behalf of CTV we are never happier when all political parties are constantly in one day calling to me to complain about the coverage and that happens pretty regularly.

Ken Shaw

Thank you. The next question. How are media especially print addressing the growing authoritativeness of blogs and bloggers? Now if I can ask you again Ed as it addresses print?

Edward Greenspon

Well let me answer it in two ways. First of all the Web is a remarkable historical invention in terms of a means of communication. It's an important medium that we don't yet fully understand. At the Globe and Mail as in other organizations we're experimenting with it; we're trying new things. I don't think any of us have figured out the full power of the Web. I don't think that blogging necessarily speaks to what will be the best of the Web. In one sense it does and that's the way it liberates consumers of news to take charge and control themselves. We no longer have just this top-down hierarchy of editor to reader or user. That's an important historical development. But blogs don't have authority. There is no measure of control there. There's a great difficulty for consumers to screen between what is true and what is not true and that is one of the advantages for organizations like ours that spend their time trying to be authoritative and not wanting to ruin our good names.

Tony Burman

Just very quickly. I don't think bloggers have that much of an impact in Canada so far. It may evolve into that but so far it hasn't. It's an American phenomenon. I don't think it is a burgeoning Canadian issue yet. Certainly for us.

The appreciation of the meeting was expressed by John Wright, Senior Vice-President, Public Affairs, Ipsos-Reid and Director, The Empire Club of Canada.

Chief William Blair, Toronto Police Service, Ken Shaw, National Editor and Anchor, CTV News at Six and Director, The Empire Club of Canada, Bart J. Mindszenthy, APR, Fellow CPRS, President, The Empire Club of Canada and The Hon. Barbara McDougall, Advisor, Aird & Berlis LLP and Former MP and Cabinet Minister.

May 9, 2005

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

The Hon. Ralph Goodale

Minister of Finance, Government of Canada

BUDGET 2005

Chairman: **Michael MacMillan**
President, The Canadian Club of Toronto

Head Table Guests

Bart J. Mindszenthy, APR, FCPRS, Partner, Mindszenthy & Roberts Corp. and President, The Empire Club of Canada; Stan Pasternak, Senior Vice-President and Treasurer, Canadian Tire Corporation and Director, Association of Financial Professionals Canada; Catherine Swift, President and CEO, Canadian Federation of Independent Business and Director, The Empire Club of Canada; Dr. Sheldon Levy, Vice-President, Finance and Strategy, Durham College/University of Ontario Institute of Technology; John Duffy, Principal, StrategyCorp Inc. and Director, The Canadian Club of Toronto; Bob Weese, Vice-President, Government and External Relations, GE Canada; Sally M. Smedal, Chair, Association for Financial Professionals and Treasurer and Comptroller, Basic American Foods Ltd.; The Hon. Donald S. MacDonald, PC, CC, Former Minister of Finance (Canada) and Senior Advisor, Public Policy, Lang Michener LLP; Gary Singh, Vice-President, Investment Advisor, Canaccord Capital Corporation; Maurice Charbonneau, Principal, Denis Morris Catholic High School and Winner (Ontario) Canada's Outstanding Principals 2005; Dr. Victoria J. Sharpe, President and CEO, Sustainable Development Technology Canada; and Fred Gorbet, OC, CIT Chair in Financial Services, Schulich

School of Business, York University and Director, The Empire Club of Canada.

Introduction by Michael MacMillan

The annual budget is quite possibly the most important document any government produces. It very much defines that government, laying out its direction, its intentions, and how it proposes to pay for the things it wants to do.

For that reason, drafting the budget is one of the most difficult jobs in government.

The Finance Minister, whose job it is, must walk a very challenging tightrope, weighed down by numerous and often conflicting expectations.

More money for social programs. Less money for programs; more to pay down the debt. Lower taxes. Spend the surplus. Guard the surplus. The environment, the military, health care—the demands for funding are matched only by the requirement not to overspend.

On top of that, there are provinces, like Ontario, demanding changes to equalization.

The pressures are immense, the demands too numerous to count, and the public scrutiny intense.

And as our guest today can testify, it all gets even trickier when you happen to be in a minority government.

The Honourable Ralph Goodale became Minister of Finance in December of 2003. Prior to that he served in various capacities, among them Minister of Natural Resources, Minister of Public Works and Minister Responsible for the Canadian Wheat Board.

Minister Goodale was raised in a farming family in Wilcox, Saskatchewan. He was first elected to the Parliament of Canada in 1974. During the 1980s he served provincially as leader of the Saskatchewan Liberal Party, and he returned to the House of Commons in 1993.

He delivered his first budget as Finance Minister in March 2004, three months before the election that would deprive the Liberals of their majority.

That, of course, placed him in the position he found himself on Wednesday, handing down his second budget—one that could conceivably lead to the downfall of the government.

He seems to have dodged that bullet quite nicely. Conservative Leader Stephen Harper even had some nice things to say about the budget, and that's not something you hear very often from an opposition leader.

I will leave specific details to Mr. Goodale, but will say that this was a wide-ranging budget that tries to reach out to friends and opponents of the government alike.

It breaks with precedent by laying out a five-year framework, in an attempt to give Canadians some certainty about the future.

There are tax cuts for business that will kick in three years from now, and by 2009 the basic personal deduction on income will rise to $10,000.

A national child program, the military, money for cities… there's lots to talk about.

Was it a minority government budget? A pre-election budget? Or was it simply a budget that, as its subtitle suggests, delivered on commitments.

The man who wrote it is here to tell us.

Ladies and gentlemen, please welcome to our podium today the Finance Minister of Canada, the Honourable Ralph Goodale.

Ralph Goodale

Ladies and gentlemen, thank you for your invitation to be here today. Good afternoon and greetings and good wishes from the Government of Canada.

I'm very grateful to the Canadian Club and the Empire Club for this opportunity. For the past 40 hours or so, I've been doing non-stop interviews—I think 35 of them now—in a kind of disembodied way with various members of the media talking about the budget. I'm glad to be in a room with the opportunity to talk to some real people about the budget instead of through all of the marvels of technology. I mean no disrespect to journalists. I have a very healthy regard for what they do. Indeed, I used to be one of them.

Back in my early days in Regina when I was going to university, I was a news editor for the CBC, and I remember doing the early morning news run when the guy who read the news and I were about the only ones in the building. I was pounding away on an old Underwood typewriter; that's long before technology. I had a problem with getting letters in the wrong order and very often when I hit the "u" it would come out as an "o." And one day I was writing this rather lengthy story about the former Soviet Union and three times in about a 60-second news clip, when I meant to type "Soviet Union," it came out as "Soviet Onion." I put the news script together and rushed into the booth with about 30 seconds to air-time. I handed it to the announcer, went back to my desk and was flipping through the script when I noticed "Soviet Onion." "Should I dash back in there and explain this?" I thought. No, that was far too obvious; nobody would make that mistake. I flipped on the monitor and listened to the newscast. Three times in the space of 60 seconds the announcer duly intoned the "Soviet Onion." I went to the door of the news booth and said, "Why did you do that?"

And he said, "Boy,"—I was a lot younger then—"I am not paid to write the news. I am not paid to edit the news. I am paid to read the news. And I read it exactly the way you wrote it." And you know, some 35 years later on the other side of the microphone, I'm looking for some journalist, any journalist anywhere, who will read it exactly the way I wrote it.

I would concede that that would be pretty tough to do with a budget speech that went on for 75 minutes. But let me just summarize for you today a lot more briefly than that what this federal budget for 2005 was seeking to accomplish.

I had three primary goals. First, I wanted to spell out without a doubt that Canada's economic performance continues to be impressive by every national and international standard and that Canada's fiscal fundamentals are very, very robust. And why is that important? It's important because a strong economy and prudent, disciplined fiscal behaviour are the enablers. They make possible everything else that Canadians want to achieve.

Twelve to 15 years ago, this country was in some pretty deep fiscal difficulty. We were trapped in a vicious cycle of deficits and debt, high taxes and high interest rates, slow economic growth and sometimes no growth at all, jobs being shredded and social programs that were in very real jeopardy. And then Canadians decided that the course must change and they demanded a new plan.

Between 1993 and 1997, we ended the previous record of a quarter of a century of skyrocketing public debt. We balanced the government's books. We started to accumulate surpluses and we put the debt on a steady downward track. It took some tough decisions—some of them controversial decisions. But Canadians overall supported what had to be done.

And with what results now eight or nine years later? We now have eight consecutive balanced budgets and at least five more in the forecast, a debt ratio that's on its way down to 25 per cent from what used to be 68 per cent, a triple-A credit rating, the best job creation record, the fastest growth in living standards, and the only government surpluses in all of the G-7 group of world-leading economies. And we have the best fiscal performance of any Canadian government since 1867.

With this economic and fiscal strength, we have reinvested in the economic and the social priorities of Canadians. We have reduced the tax burden. We have helped to stimulate one million net new jobs since the year 2000, two million since 1997 and three million since 1993. We have coped with sudden unforeseen emergencies like the 9/11 tragedy, SARS, BSE and the Asian tsunami without getting pushed back into the red once again, despite the expense associated with those emergencies.

The key to this kind of fiscal resilience and fiscal freedom is prudent planning. First, in assessing the nation's economic outlook, we do not do it in-house with government economists only. Neither do we pick one or two of our favourite economists from outside government just to tell us what we want to hear. We regularly consult 15 to 20 of Canada's leading economic analysts in the private sector. Their forecasting data is then run through four different econometric modelling firms, again all from the private sector. We take the average of these results from the outside experts, and that is what sets the fiscal framework for budget-planning purposes.

Secondly, we consciously do not use up all the available fiscal space with either spending initiatives or tax cuts. Instead, we explicitly build in some fiscal shock absorbers to give us the capacity each year to deal with the unexpected. Altogether, over the coming five years, this cushion, to ensure that we will stay in balance, amounts to more than $25 billion. If it proves not to be needed to cope with those contingencies, then $15 billion out of that cushion over five years or $3 billion per year is earmarked for further debt reduction. The rest can be invested in priority programs and services if it too is not needed to safeguard against any risk of a deficit.

Now I mention all of this as my point number-one today to reinforce as emphatically as I can that all the government's fiscal anchors are fully in place and fully in force in this budget and over the coming five years. The same prudent practices and disciplined behaviours that brought us so successfully from 1993 to 2005 continue to apply.

Based on the best private-sector advice, we are expecting annual economic growth rates in the 3-per-cent range going forward. But there are downside risks. We are a trading nation. Eighty per cent of our exports go to the United States. The so-called twin deficits in the U.S.—their current account deficit and their budgetary deficit—could lead to higher interest rates or slower growth or a further depreciation in the American dollar—any of which could negatively affect us here in Canada. So we need to remain vigilant and prudent, and we are.

My second main budget objective was to deliver on the specific promises that we made to Canadians during the federal election campaign in the summer of 2004.

Promises made must be promises kept and my budget delivered on those commitments. On new funding for the provinces and the territories, especially for health care, we have negotiated new agreements with all of the premiers. We have put the legislation before Parliament and it's well along in the parliamentary process, and the budget booked the promised money through the Canada Health Transfer and through equalization. Over 10 years it will total an incremental $75 billion.

On cities and communities, we promised to share with local governments up to 50 per cent of the federal gas tax revenues and the budget delivered exactly that. In the coming year we will actually start at $600 million in revenue sharing and ramp up from there to reach an annual federal transfer to cities and communities of $2 billion per year. It will be ongoing and it will be in addition to our regular federal infrastructure programs, not instead of them.

On the well-being of children, my budget delivered on our commitment to provide $5 billion over five years for a new national Early Learning and Child Care initiative—one rooted in the principles of high quality, universality, accessibility and developmental content. And we signalled our intent to be in for the long haul with our provincial and territorial partners.

On senior citizens, people with disabilities and their caregivers, the budget delivered on a full range of commitments, including $2.7 billion to enrich the Guaranteed Income Supplement and the doubling of a tax credit for caregivers.

On the huge needs of Aboriginal people, we promised an inclusive process involving Aboriginal leaders with the Prime Minister, the premiers, federal ministers, provinces and territories to build a compelling national action plan on Aboriginal health, education, housing, economic development, land claims and accountability. That process in the last year has become well advanced. There'll be further meetings this spring and summer, and the process will culminate in a formal federal-provincial-territorial First Ministers' meeting with Aboriginal leaders in the fall of this year. But in the meantime, the budget delivered about $1.4 billion for downpayments on better health, education, children's services and housing.

On all these and other fronts, I'm very pleased to say that we have done in this budget exactly what we promised to do last summer.

My third objective in the budget was to describe the path forward for Canada—where we want to go and how we plan to get there over the next five years. We intend to build around greater productivity, enhanced environmental sustainability and an influential respected role for Canada in global affairs.

The productivity agenda is always important, but especially in light of that higher-valued Canadian dollar and the huge demographic changes that are coming just around the corner as the big baby boomer generation begins to retire. So the budget laid out measures for a more inclusive work force—more inclusive of Aboriginal people, new immigrants, people with disabilities and young parents who want to pursue their careers while also caring properly for their young families. The budget also put more money into workplace skills and literacy and into our highly successful innovation agenda to promote higher learning, science and new technology development, particularly at institutions of post-secondary education.

We're investing heavily in high-quality public infrastructure. We're promoting more open internal and external trade and smarter regulatory systems including those in financial services and securities.

And we are reducing the tax burden. Personal taxes will come down through an increase in the basic tax-free personal amount. Over five years, Canadians will save more than $7 billion from this tax cut. Nearly 900,000 low-income people will be taken off the tax rolls altogether including about a quarter of a million senior citizens. For those in a higher tax bracket, RRSP limits are being raised and we are removing the restrictions on investments in foreign properties.

On the corporate side, we are eliminating the 1987 surtax and we're gradually bringing the income tax rate down by two points to preserve our competitive advantage vis-à-vis the United States and to keep investment and jobs in Canada. We'll also be improving capital cost allowances—not just this year, but I think every year going forward to better reflect the useful life of capital assets.

On the environment and sustainability, our investments will total at least $7.5 billion. To better deal with the challenge of climate change, we are introducing a full suite of actions, new market-based mechanisms to harness the power of competition in the private sector, new tax measures, new incentives for both consumers and for business, new investment in innovation and new scope for both regulatory and voluntary action.

To provide just a few examples, we are creating a new Clean Climate Fund to invest in some exciting new fields of activity like carbon capture and storage, clean coal and a possible east-west power grid, while also facilitating a liquid market for domestic emissions trading. We are quadrupling our investment in wind power. We are quadrupling our investment in residential energy retrofits and we're providing an accelerated capital cost allowance on certain environmental investments of a full 50 per cent.

Beyond climate change, my budget also makes major environmental investments in brownfields remediation, protecting the integrity of our national parks and extending the Great Lakes Action Plan. All in all, environmental groups have described this as probably the greenest budget in Canadian history.

To better position Canada in global affairs as a strong and respected citizen of the world, our government has undertaken a comprehensive international policy review, which will be forthcoming in the next few weeks. In the meantime, the budget took some major steps forward.

For new troops and reserves, for better infrastructure and operational sustainability, and for new equipment and material, we are investing on a cash basis $13 billion in the Canadian Armed Forces over the next five years, and that will be the biggest contribution in some 20 years.

For air and marine security, border security, police and emergency preparedness, we are investing another $1.2 billion.

For greater foreign aid and international assistance, we are booking $3.4 billion over the next five years. Among many other things, this will position Canada as a global leader in the fight against AIDS, malaria, tuberculosis and polio.

We all recall the outpouring of human emotion and human generosity in response to that terrible tragedy of the tsunami in South Asia. And the response from Canadians and from governments around the world was entirely necessary and entirely appropriate as the world tried to come to the rescue insofar as that was humanly possible. In Africa, the effect of the tsunami was relatively small. In Africa, people die of AIDS, malaria, tuberculosis and polio at a rate equivalent to a tsunami every single month. So that's why we're putting some money in that direction.

The budget also seeks to confirm our leadership in reducing the crushing burden of debt on some of the world's poorest countries. Canada has always been a world leader in that regard and we are going to maintain that leadership role. It is for reasons like these that people as diverse as the rock star Bono and the Secretary General of the United Nations Kofi Annan have said with a common voice that what the world truly needs is more

Canada. And as we build upon that for the future, Canada will indeed have a vigorous role to play in global affairs.

The purpose of this budget, therefore, was to reinforce a number of points. We want to build a competitive, productive, 21st century Canadian economy—one that is knowledge-based, technology-driven, highly skilled and excellent by every possible measure.

We want to build an inclusive and caring society—a society in which fairness and equality of opportunity are the measures of our progress.

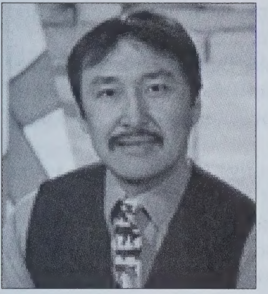
We want a country that is clean and green, which prizes a natural heritage of extraordinary richness and preserves it with great care.

And we want to be a confident people, respected and trusted not just within our borders but indeed as model citizens of the world.

Those are the objectives to which the budget spoke, and I hope that we've moved ourselves along the way toward the future.

Thank you very much.

The appreciation of the meeting was expressed by Bart J. Mindszenthy, APR, FCPRS, Partner, Mindszenthy & Roberts Corp. and President, The Empire Club of Canada.



May 12, 2005

The Hon. Paul Okalik

Premier of Nunavut Territory

MY CANADA—TODAY AND TOMORROW

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Doug Morris, Senior Account Manager, Daytech Limited and Director, The Empire Club of Canada; Rebecca Lockwood; The Reverend Earl Gerber, Anglican Priest (Retired); Jose Kusugak, President, Inuit Tapiriit Kanatami (ITK); Susan Aglukark, Singer/Songwriter; Chris Rudge, CEO, Canadian Olympic Committee (COC); Paul Kajudjak, President, Nunavut Tunngavic Inc.; Bonnie Brownlee, Communications Director, Style Group: a Division of St. Joseph Media and Director, The Empire Club of Canada; Gregory Missal, Vice-President, Government and Regulatory Affairs, Tahera Diamond Corporation; Andrew McConnell, Vice-President, Aboriginal Banking Canada, RBC Royal Bank; and Paul Flaherty, President and CEO, Northwestel Inc.

Introduction by Bart Mindszenthy

Ah-lian-nuk sivuluktey paul uka-Liuc

Kai ragh me empre club-moot. Dtunge soo gyeht.

Indeed, Mr. Premier, we are pleased you have come to join us, and you are most welcome here at the Empire Club.

This is a first for all of us. The first time we'll have had the first premier of Canada's newest territory, Nunavut.

In fact, you are the 12th premier in our Bell-sponsored Premier Series that began last fall. And that, too, is a first. No speakers' forum in Canada has ever had so many premiers as guest speakers in a season.

I must confide, Mr. Premier, that you live in a land that to me seems so remote and feels, but is not in truth, so distant, so mysterious and cold and so magical and inviting.

Yet we are of one land, one nation, sometimes not too good at sharing the dream, but always in our most distressing hours, willing to forge a common way forward.

For Nunavut, as seemingly for all the territories, these are not the darkest hours at all, but, in fact, the potentially brightest breakthrough years. And that is exciting.

Just as is looking at this amazing Territory of Nunavut. (Brochure shown.) The words, the images, the names, the places; they all conjure visions that are just as listed in the subhead here: Untamed; Unspoiled; Undiscovered.

And Premier Okalik is the selected leader of this wide expanse of the Canadian North.

He was first elected to the Legislative Assembly just over six years ago, and then voted by his caucus colleagues to become the first premier of Nunavut.

And just a little over a year ago, he received a second term in the non-partisan consensus government system that exists in Nunavut and the Northwest Territories.

Maybe that's a form of government that might really well serve the best interests of all Canadians!

Now, rather than spend time impressing you with our speaker's qualifications and experiences, I think we should invite him to address us.

So, ladies and gentlemen, please welcome to the podium of the Empire Club, the Honourable Paul Okalik, Premier of the Nunavut.

Paul Okalik

Thank you for your introduction Bart and thank you to Susan Aglukark for that very special rendition of our national anthem.

Distinguished guests at the head table, my fellow Inuit leaders, ladies and gentlemen, on behalf of the people of

Nunavut let me say that it is an honour to address the Empire Club of Canada.

In speeches at home I begin by recognizing elders but I suspect in this Bay Street group none of you would admit to being an elder.

What I would like to talk about today is the Nunavut Dream. The Nunavut Dream is an extension of the National Dream.

Nunavummiut today are much like Western Canadians of the 19th and early 20th century; a people with land, resources and a desire to join in the building of this country.

Over the years one of the more frequent guests at the Empire Club was the late Pierre Berton. As an author he popularized the term "National Dream" with his story of how a great railway project stitched together this country with a ribbon of steel. As he said in a speech to the Empire Club on November 7, 1985: "In this country, more than in most other countries, perhaps more than any other country, transportation and communication are so important. They are at the core of the country; the soul of the country depends upon them. That goes to the days of the canals...which were the only way in which Upper and Lower Canada were held together...went on to the railways and the airlines, and it continues. John A. Macdonald saw that."

Of course what Mr. Berton was telling was the story of visionary national leadership that recognized potential and endless opportunity. Macdonald's nation-building vision ran east-west. Of course what Macdonald couldn't see was that we, the Inuit of Nunavut, were busy in our own right trading whale oil and sealskins with Europeans. We were claimed by Canada but I am not sure, outside other Inuit, how many Canadians we had actually met.

It was almost 100 years later that Prime Minister Diefenbaker reset the national compass on a north-south access with a view towards accessing the resources of the North.

It was Prime Minister Mulroney who recognized that in the Eastern Arctic there are both resources and people who could contribute to the development of our country. It was his government that signed the Land Claim Agreement with Inuit of Nunavut.

Currently our contribution to Canada is most recognized in our world-class art work and cultural representations. This was reinforced by the recent decision of the Canadian Olympic Committee to adopt a stylized Inukshuk as the logo for the 2010 games. We look forward to having Inuit more directly involved in the marketing of our symbols but we are also prepared to offer much more to Canada.

Recently, I met with each of the federal party leaders and my message about the enormous potential of Nunavut was well received. Prime Minister Martin has shown that he wants to add his name to the tradition of prime ministers who have helped build the North.

Through the Northern Strategy that was launched last December the Prime Minister has an opportunity to do for the North what Prime Minister Macdonald's vision did for the West. Working with Canada and the other territorial governments the Northern Strategy could allow us to develop our natural resources just as the Canadian West was assisted in doing a century ago.

In Nunavut we have enormous potential in our fishery, natural resources and tourism sectors but we lack much of the basic infrastructure to access these development opportunities. Like the West of more than a century ago we have no fixed link to the rest of Canada. No road, no rail and despite having the largest coastline in the country no deep-sea port.

Like the West we have oil and gas. It's estimated that we have up to 15 per cent of the total Canadian petroleum reserve. On Baffin Island we have a massive iron ore deposit that is being proposed for development by Baffinland Resources.

Mineralogists have also found coloured gemstones. Amongst the dignitaries at the head table today is a representative of the Tahera Diamond Corporation. I look forward to their opening of Nunavut's first diamond mine, expected next year. This is part of a staking rush that in itself is worth hundreds of millions of dollars.

In 2004 prospecting permits were issued for more than 260,000 square kilometres of Nunavut, resulting in almost $150 million of exploration investment. It is now commonplace to have prospecting helicopters stationed at the many small airports we have across the territory.

All of this represents a reawakening of Canadian and international interest in the riches of the North. And this time Northerners will be partners in development.

Through the Northern Strategy the governments of Canada and Nunavut have agreed to conclude a devolution agreement. Over the next few years you can expect to hear the words "devolution" and "Nunavut" mentioned together. You can also expect to hear lots of complicated discussions around financing agreements. The Constitution might even get thrown into the mix.

Through it all you should keep in mind what devolution is really all about. And that is: "What will be the pace and scope of development in Nunavut and what will be the division of benefits that come from the exploitation of our natural resources?"

What we do know is that the federal government has already committed to reaching an agreement on devolving federal authority over the territory's natural resources by the end of 2008.

This has already been done in Yukon, is close to being completed in the Northwest Territories and will be a significant advancement for Nunavut. In practical terms it means that those of us in this room will be able to speak to each other directly, rather than through Ottawa, when it comes to determining how we can mutually benefit from the development of Nunavut.

The battle for jurisdictional control of natural resources and the benefits that flow from them should sound familiar. It is a debate as old as our country. One hundred years ago when Alberta and Saskatchewan joined Canada, the federal government claimed the rights to the natural resources of those provinces.

For 25 years they were treated as the poor cousins of Confederation until they were able to wrestle back the ownership of their natural riches.

Recently Newfoundland and Nova Scotia had a similar battle with Ottawa. They were fighting for recognition of their need for assistance in reaching national economic and social standards and the right to benefit from their offshore oil and gas industry.

Arrangements such as these are crucial if entire regions of this country are not to be treated as requiring welfare, while the riches of local resources flow to federal coffers.

One of the advantages that comes with Nunavut being on the cusp of rapid economic development is that Nunavummiut and all Canadians have an opportunity to get it right from the outset. We have it within our reach to come to an arrangement before the problem goes from being hypothetical to all too real. We can avoid the intergovernmental political squabbling that we have all grown tired of. Rather than having to battle Ottawa we prefer to be constructive because what we really want are the economic tools to reassert our self-sufficiency.

The conditions faced by most Nunavummiut today are similar to those faced by other Canadian Aboriginals. Our culture is rich but by national standards our people are poor. When it comes to the social and economic indicators for education, health and life expectancy we all have much work to do.

We want to be like other Canadians. We want the rights, responsibilities and opportunities that will allow us to help build this great country. Stated simply, our dream, the Nunavut dream, is to be Canadian.

We know there is a lot of work to do to catch up with the rest of the country. But we have always been a resourceful people who have flourished where others perished. Our knowledge of our territory guaranteed our survival in the past and will enrich our existence in the future. While some of the specific skills of survival have changed, the need to be adaptable has remained constant and we have proven to be adaptable people.

Of all the Aboriginal people in Canada it is only the Inuit who can claim an increase in the use of our native tongue.

As a government we are pursuing programs to strengthen our culture and to expand the potential of our people.

We are producing a record number of high school graduates. The number of Inuit students receiving financial assistance to attend college or university increased by almost 15 per cent last year.

In Nunavut we are investing in training for both traditional and non-traditional occupations. We now have Inuit nurses. Next month the first class of Inuit students from the Akitsiraq Law School will complete their studies and begin their articles.

I want to build a Nunavut where the private sector can tap into the enormous talent that this generation has to offer. Along with developing our capacity in human resources we have already taken significant steps in building a positive business climate. Our land claim is settled and there is certainty over ownership of the land.

Of particular interest to the mining sector is our capital tax; there is none! Our corporate taxes for small and large corporations are amongst the lowest in the country and we have the country's second-lowest combined personal income tax rate.

Of general interest to the business community is our commitment to streamlining our regulatory regime. During our last territorial election campaign it was made clear to me that many regulations that may make sense in Southern Canada have no application in the North. People often spoke of red tape, sometimes referring to it in far less polite terms. We are committed to ensuring that every activity and expense has a productive purpose. We have re-structured our government to create a stand-alone Department of Economic Development and Transportation. This department exists to assist the people in this room identify and create business opportunities in Nunavut.

These examples show that the Government of Nunavut is doing its part by helping where it can, and getting out of the way where it can't.

What we are asking now is for others to do their part. For the federal government to remove the colonial reins that are holding us back and to do for the North what was done for the rest of the country. Our Nunavut dream is to have the basic infrastructure that has been provided to the rest of Canada so that we too can add to the riches of our country.

For the business community, Inuit and all Canadians, this is a mutually beneficial partnership. It is also a shining example of nation building. It will take visionary leadership from both the public and private sectors to make the Nunavut Dream a reality.

Fortunately Canada is a product of the visionary leadership of those who dared to dream. It is up to all of us to keep that dream alive.

Qujannamiik, merci, thank you.

The appreciation of the meeting was expressed by Bonnie Brownlee, Communications Director, Style Group: a Division of St. Joseph Media and Director, The Empire Club of Canada.

May 19, 2005

His Excellency Mr. Allan Rock

Ambassador and Permanent Representative,
Permanent Mission to the United Nations

THE UNITED NATIONS AT A CROSSROADS

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Rev. Dr. John Niles, Rector, St. Andrews United Church, Brampton and 2nd Vice-President, The Empire Club of Canada; Paula Nathwani. Grade 12 Student, North Toronto Collegiate Institute; Grant Kerr, Pastoral Staff, St. Paul's United Church, Brampton; Professor Janice Gross Stein, Director, Munk Centre for International Studies, University of Toronto; Paul Heinbecker, Distinguished Fellow, The Centre for International Governance Innovation and Director, The Laurier Centre for Global Relations, Governance and Policy, Wilfrid Laurier University; The Hon. Frank Iaccobucci, Interim President, University of Toronto; Roxanna Benoit, President and CEO, Canadian Investor Relations Institute and Director, The Empire Club of Canada; Giles Gherson, Editor-in-Chief, The Toronto Star; Jon Levin, Partner, Fasken Martineau DuMoulin LLP; Kathryn White, Executive Director, United Nations Association in Canada; and Louis P. Bernier, Firm Managing Partner, Fasken Martineau DuMoulin.

Introduction by Bart Mindszenthy

Ladies and gentlemen, I invite you to think back to near the end of the second decade of the past century.

Please think back to when the League of Nations was conceived as the most effective body to protect the world from future global wars after the absolute horrors of what we then called The Great War.

The intent was bold and beautiful, but the eventual outcome was disastrous and deadly.

These past weeks, commemorating the 60th anniversary of the end of the war in Europe, we have just observed and reflected upon, and shared again, the awfulness of what became the next and totally unwanted great war: World War II. And with it came all the new horrors we had to understand to endure.

And throughout this new and long global calamity we daily counted and registered and chronicled what would add up to be the millions of totally innocent victims who died for the sins of a greedy and inhumane few. Many, too many millions in fact; comprised of soldiers who had no options, and civilians of all ages, religious beliefs and cultures, who were ambushed by the course of events and deprived of hope and a future.

So wise leaders conceived the concept of a United Nations near the end of what our parents hoped would be the final, ultimate great global war. A United Nations directed and driven by a handful of leading, winning, and agenda-driven nations determined to define our earthly relationships for some four decades.

What they built was good while a cold war paradigm prevailed.

But today there is a United Nations embroiled in controversy; a world body bloated by membership and bureaucracy; a UN with many member nations displaying a vociferous appetite for regional power and unilaterally acceptable ambitions of command and control.

It is a UN that tries valiantly to operate in a world of ongoing regionalized, tribal-like, vicious and deadly conflicts that sap the strength and goodwill of an already belaboured global community of conflicted nations.

Now, today, we are at a decisive worldly crossroad—an intersection where at the moment all roads seem to lead to nowhere we should want to go. Yet billions of people and dozens upon dozens of nations small and large want to find a path to reason, a road to peace and a highway to personal and national prosperity.

A vibrant and healthy and meaningful UN can help make that happen.

And it's at this critical crossroad—making the UN we have more vibrant, healthy, meaningful, and relevant—that we welcome Canada's Ambassador to the United Nations, the Honourable Allan Rock.

It's his responsibility to be the voice of Canadians to the General Assembly and the Security Council. He promotes Canada's global priorities through diplomacy and multilateral co-operation.

Ambassador Rock has a decade of experience in government and policymaking. He was a Member of Parliament from 1993 to 2003. During that period, he served in the federal cabinet as Minister of Justice and Attorney General, as Minister of Health, and most latterly, as Minister of Industry Canada.

At the United Nations, he is an advocate of human rights, human security and UN reform. He has consistently called for more vigorous international action to address humanitarian needs and foster development, particularly in Africa.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada our voice and conscience at the United Nations, Ambassador Allan Rock.

Allan Rock

They say that you can't go home again.

But they're wrong.

When I return to certain special places, places that shaped my dreams when I was younger, that made me the man I am today, then I feel something beyond mere nostalgia. I feel like I'm coming home. And that's very much the way I feel today—here in a familiar place, in the company of so many friends.

I practised law at King and Bay for 22 years. Those were good years, fulfilling years. I made many lasting friendships. Those friendships sustained me during the 10 years that I spent in elected office.

It was a sense of service that took me from here to Ottawa. I regarded those years as a tour of duty, a chance to advocate for ideas I believed in. A chance to give something back to a country that has been so good to me.

But today my message is not political. My message is anything but partisan. Today I want to speak to subjects that engage our common humanity. I want to speak to choices that will have a profound effect on this world that we all share. And I want to speak about global issues that will help to put into perspective the domestic political differences that preoccupy us so.

I speak to you today as Canada's ambassador to the United Nations. It fills me with pride to be able to sit behind our country's nameplate at the very epicentre of multilateralism. There I represent Canadian values, and this country's respect for diversity—which not only defines our self-image, but defines the way the world sees us.

And it's because of our international reputation for balanced and humanistic leadership, our willingness to make peace in the midst of conflict, that Canada has the respect and the credibility to play a vital role in the process of renewing the United Nations. It's plainly in all of our interests to see the UN resolve its current problems: to see that the UN is strengthened and renewed, to deal effectively with the challenging times we confront now, and those that surely lie ahead.

Now, over the years, I've been to New York on countless occasions, but the day I presented my credentials as ambassador was really very different. As I walked into the United Nations building that day, I looked at that distinctive emblem which hangs so prominently over the podium in the General Assembly and, again, I had a powerful feeling of a personal homecoming. And in a real sense, I had come home.

That UN emblem had been emblazoned into my memory as a young boy from all the times I'd seen it on the front of my father's blue beret. You see, my Dad served in the very first UN peacekeeping mission, set up by Lester Pearson to stabilize the Middle East after the Suez crisis of 1956. As a result, he later received the Nobel Peace Prize for his contribution to humanity. Pearson that is, not my father! Although I must say that, in a son's eyes, my

Dad should have as well. To me, he was a hero: making sacrifices, risking his life to bring peace to people who were struggling to cope in a highly volatile situation.

His was not the only sacrifice. My mother had to contend with four rambunctious children all by herself, and everyone missed my father during the years he spent in the Middle East. But the letters that he sent home fired my young imagination. Letters from exotic places like Cairo and Port Said and Haifa that we ran to look up on the map. He spoke of the hardships that he endured. He spoke of the ancient sites that he'd patrolled. He spoke of the tense atmosphere among the peacekeepers.

His example taught me a lot about commitment, about duty. Clearly he had done something very important. He had participated in a world effort to step in and help when vulnerable people were in peril. When they confronted conflict and loss. It was only when he returned and I saw him standing in formation at the airport for inspection in his blue beret, and then come and embrace my mother, and I saw tears in his eyes, that I realized how important an experience, how meaningful an experience, it had been for him as well.

So when I arrived at the UN many years later, I was determined to live up to the values that I had seen my father putting into action. Well, I didn't have to wait long. My very first day on the job in January of last year, in fact the very first hour I spent in my new office, I was introduced to Angeline. She had come from Africa to tell me why she and other mothers in Uganda desperately needed our help. Twenty years of war had seen 20,000 children kidnapped, forced into sexual slavery or become child soldiers in a rebel militia. One of these children was Angeline's 14-year-old daughter, Charlotte.

This innocent girl was abducted with 10 of her classmates from a place that should have been a haven from hate: their own classroom. Her whereabouts and her fate were unknown.

Angeline wanted to know what I could do for her and how the UN could help rescue her daughter from the rebel forces.

Those are good questions but questions to which I had no ready answers. At the United Nations, finding answers for humanity's questions has become much harder than it should be. And that's a problem we must all try to solve together.

This fall the United Nations will turn 60. All the promise of 1945 seems to have faded. These days the UN's shortcomings seem far more evident than its strengths.

Just how did that happen? Well, of course, the UN was created in the shadow of World War II, the worst conflict the world had seen. So its old and its tired structure represents a sort of freeze-frame of the post-war world. But that timeworn set-up no longer responds to the challenging needs of a changed world.

We have an unrepresentative Security Council dominated by five permanent members who too often allow their own national interests to get in the way of their international responsibilities. An all-but-irrelevant General Assembly usually engaged in sterile debate, wasting time, passing pointless resolutions on an agenda that just doesn't relate to the problems of the millions of real people with urgent needs thousands of miles away from the comforts of the General Assembly and New York City.

Oil-for-Food has become a catch phrase. It conjures in the public mind an image of scandal, lack of accountability, of a bureaucracy run amuck. It has gravely shaken the UN's credibility and weakened its leadership at a time when strength is most needed.

Allegations of sexual misconduct by peacekeeping troops strike at the very heart of the institution's integrity as we struggle to try to understand how men in a position of trust could have betrayed that trust so profoundly.

And perhaps most damaging is the UN's repeated failure to act decisively to intervene and to stop mass atrocity and human cruelty. Whether it's called war crimes or crimes against humanity or genocide, whether it's in Rwanda or the Balkans or now Darfur, the UN's faltering response is a moral failure that betrays its noble purpose.

Add to that sorry list the current estrangement between the UN and the American administration, the deep divide of mistrust and resentment between the developing and the developed countries, and it should be clear to anyone that the United Nations has never seen such challenging times. That as a moral and political force it's fighting for its life.

I believe that all of us can and must help the United Nations win that fight. Why? Because while the UN's flaws may be troubling, its loss would be worse. Because its potential for good far outweighs the sum of its faults.

Sometimes I think that there are two UNs. There's the political one that I inhabit on First Avenue in New York City. And then there's another one that I've come to know which is the UN in action. That action—delivering aid, providing services, protecting some of the globe's most threatened places—makes the UN indispensable.

Last year, the UN's World Food Programme provided basic food—the very stuff of life—to over 100 million people. That's three times as many people as live in our own prosperous country. How many of those 100 million souls would have been lost without the UN's initiatives? What about the three million children saved last year by the UN's immunization programs? Would smallpox have been eradicated without the commitment of the UN's World Health Organization?

Without the UN, who would direct the billions of dollars in aid from donor countries like Canada marshalled every year in the United Nations Development Program? A program that runs 5,000 projects in 160 desperately needy countries. Programs that develop human skills, the capacity to govern, and infrastructure like roads, bridges and water projects.

Without the United Nations, who would direct the $800 million annually spent by UNICEF on health care, nutrition and education for children? They spend it in 140 developing countries around the world.

And those are just some of the continuous UN efforts designed to address the chronic problems in the developing world.

And what about the human tragedies that no one can predict? December's tsunami struck an empathetic chord which reverberated in compassionate people around the world. People wanted to help and they wanted to help with an intense urgency that matched the intense need of the victims. A cumbersome or politicized relief mechanism would have compounded the disaster. There was only one international organization with the scope, the experience and (in spite of current difficulties) the credibility to handle the largest humanitarian effort in history. And that was the United Nations.

And when it comes to peacekeeping, who but the UN, drawing on five decades of experience, could mount 17 complex missions on four continents with over 77,000 skilled soldiers, people who have the dangerous but noble mission to separate hostile factions and to protect civilians?

Diplomatic debate in New York can often seem to reduce human suffering to factoids—sterile graphs on pie charts. But I'll never look at one of those PowerPoint presentations in the same way again. Because, well, because of what I've seen in the course of my work. What I've seen has not only moved me, but it's changed very profoundly the way in which I perceive the world.

Last month, I visited a school in one of the most violent neighbourhoods of Port-au-Prince, Haiti where each day 800 children aged four to 17 have perfect attendance. And why? Because they're fed a nutritious meal every morning by the World Food Programme run by the UN.

In a country where only 35 per cent of children complete primary school, in a country where half the population is malnourished, the food serves two purposes. For most, it will be all they will eat that day. But the food also draws them to a place where they can learn. Maybe they are "accidental students," more interested in sustenance than in studies, but in Haiti, where half the population is illiterate, being able to read and write is a tremendous personal advantage that will transform those children's lives.

Three months ago, I stood on a dusty plain in central Africa surrounded by tens of thousands of displaced men and women and children in Uganda. They'd been forced from their homes by a long and dreadful conflict. They were seeking protection in the appalling conditions of an overcrowded camp. Many had been there for 10 years. The camp council had called a town hall meeting in honour of my visit.

A 70-year-old man took the floor. He told me he'd arrived in the camp on October 25, 1996 and that he had watched nine members of his family die, including three grandchildren. He asked me why the world had forgotten the 1.5 million Ugandans living in camps just like that one. People left to lose their lives to bad water, insufficient food, preventable disease or random violence. In response, I could only muster a pledge to tell the world his story and to continue our efforts to put that war on the world's agenda.

At least some people in the camp that day were not entirely ignored. As we met, all around us there were UN workers drilling wells, distributing food and mosquito netting, and supervising the construction of a small clinic that was intended to provide medical attention for the youngest and most vulnerable of the children.

In February, I was in a town in Eastern Congo. Just weeks before, it had been destroyed by an armed militia who had raped and brutalized and killed many of the 10,000 inhabitants. The survivors had fled into the bush to survive as best they could, until something happened that would change their world. One hundred and twenty-five UN peacekeepers, troops from Pakistan, from Bangladesh, had come to reclaim their town from the rebels. They set up their compound just outside the town. And when the people saw that it was safe again, they found the confidence to come back and to start their lives anew. They began to come home again.

This is the real vision, the real vision of humanity that the United Nations represents. This is the UN as it was imagined in 1945. This is the UN that we must re-imagine for tomorrow.

But of course even the most noble of intentions, even the most sincere of motivations, must eventually meet the gritty reality of global politics. And when there are 191 nations trying to reach consensus, even on the most obvious of truths, then things can get, well to put it diplomatically, complicated.

But will decades of those kinds of complications prove fatal? I don't think so. And why not? Because I believe we have consensus on at least one thing in New York, perhaps the most important thing. We seem to be able to agree on the urgent need for change, for renewal. Right now, sweeping proposals for change that have been years in the making are being debated by all 191 member-states whose leaders will gather in New York in September to consider major reforms.

Canada is focusing our efforts on several key objectives. Major structural change to the UN's Secretariat is fundamental to the success of all other reform initiatives. We're aggressively pursuing a process of modernizing—streamlining UN management to bring trust and efficiency and transparency, to bring a culture of merit to the way the UN is run.

Security Council membership must be broadened to make it more representative.

There must also be recognition that state sovereignty cannot shield atrocity or genocide and that the Security Council has not only the right, but the moral responsibility to authorize, if need be, military intervention to stop crimes against humanity, ethnic cleansing, or genocide.

Abolition of the discredited Human Rights Commission is imperative to make way for the creation of a Human Rights Council with a stronger mandate, and with greater status, within the United Nations. A council composed of countries that are sincerely committed to human rights; that will not embarrass or set back the very process they're intended to advance.

And crucially, we, the wealthy nations, must increase dramatically our development assistance and our debt relief for the poorest countries. If they are to achieve the Millennium Development Goals, it will take a sustained and significant contribution from the rest of us. The Millennium Development Goals would, among other things, reduce by half by 2015 the billions of people around the world now living in a grinding cycle of hunger and of poverty.

And we must add to that list the creation of a global convention against terrorism, and a worldwide system of public health surveillance to warn of potential pandemics like SARS.

Is it possible to accomplish all of this? Well, what I know is that there are a lot of people hard at work in an effort to make it happen—thousands of people in New York, and in capitals around the world.

Two weeks ago, I took part in a negotiating session in Santiago Chile, where many countries were represented and we made encouraging progress on many of these issues. Getting agreement between now and September is going to take patience, good faith and fair-minded compromise.

Those are all virtues that we exhibit as a nation. That's why this reform package is, in essence, a Canadian agenda. It reflects our policy, our priorities and our values. Prime Minister Martin is a strong and effective advocate of UN reform who has been especially vigorous in urging proactive intervention to stop mass killing, for example in Darfur.

You know, multilateralism is more than just our style. It's the cornerstone of our foreign policy because it's also in our strategic interest. It enables us to buffer the influence of the biggest powers by creating networks of states that share our objectives. Alliances of the like-minded that give weight to alternative approaches. Multilateralism gives us leverage so that our voice is clearly heard in a strong chorus of others.

And that's what everyone in this room, and I think everyone in Canada, should want and expect from Canada's presence at the United Nations. And that's what I'm passionately committed to try to achieve. I will continue our relentless pursuit of UN reform, one that will achieve the promise of the institution's original ideals.

What's at stake? Everything. Everything for those tens of millions of people whose survival and whose safety very much depends on the hope that the UN offers.

You know, in some quarters, even in parts of the American Congress, there seems to be a readiness, even an eagerness to write the United Nations' obituary. But if we let that happen, then I'm afraid we'll be writing a much larger and tragic chapter in the history of humanity. And we cannot let that happen. Not for Angeline's sake. Or her daughter's.

Angeline was not defeated by the dark forces that kidnapped Charlotte. She wasn't silenced. She spoke out. She identified the evil. Angeline would not let world leaders ignore the horrors that her family and her people were enduring. She petitioned the United Nations. By shining the light of her convictions to bring the world's attention to the horrors in her homeland, she did the impossible. She scared the rebels into submission. They offered to release her daughter Charlotte but only if she would stay quiet and let the gaze of the world drift away from their barbarity.

But in an act of courage that, as a parent, I can hardly imagine, Angeline refused. She refused to buy the release of her own daughter with her silence unless the rebels would agree to release all of Charlotte's classmates at the same time. That didn't happen. And that's when I met Angeline in my office on my first day as Canada's ambassador to the UN. It was my own baptism of fire. And since then, I've been doing all that I can to put that war in Uganda on the world's agenda. To work with others towards solutions that will bring the release of kidnapped children trapped in that awful conflict.

But this is a mission that will require much more than just my efforts. We're going to have to do it together.

And what part can you play? Well there's the obvious: you can give money. Support responsible agencies that do essential work often on a shoestring budget: UNICEF Canada, the World Food Programme. In fact, I challenge you to make a generous contribution today. Do it now when you return to work or to your home before the image of Angeline fades from your mind in the demands of our busy daily lives.

Get more involved with organizations like Amnesty International, the UN Association, or Human Rights Watch, or CARE.

And you could also get more informed. I hope I've started you on that road today. Share what you've learned. Tell your Member of Parliament. If they know it's important to you, they will respond. Share information with your friends, particularly American friends or American business partners. Talk to them because their nation's involvement and commitment is crucial if UN reform is going to succeed.

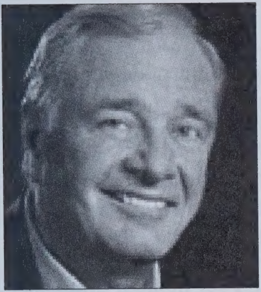
In this 60th anniversary year, as we prepare for a summit meeting at the UN in September, we have this chance, this one extraordinary chance, to keep faith with the ideals that Lester Pearson and that my father believed would bring order and hope to a difficult world. Sixty years later, let's use those same ideals to bring order and hope to the United Nations—to keep faith with the future.

Oh, and by the way, Angeline and her daughter have been reunited. Charlotte escaped from the rebel army. She hid in the bush with her two-year-old child, and then she ran the many miles to freedom and her mother. So there's proof that, even after the most harrowing of experiences, it is possible to go home again.

Please help the United Nations to do everything it can to make sure that all the world's Charlottes have a safe, welcoming and humane place to go home to.

Thank you very much.

The appreciation of the meeting was expressed by Roxanna Benoit, President and CEO, Canadian Investor Relations Institute and Director, The Empire Club of Canada.



May 26, 2005

A joint meeting of The Empire Club of Canada and The Toronto Board of Trade

The Rt. Hon. Paul Martin

Prime Minister of Canada

PLANNING AHEAD IN A CHANGING WORLD AND CHANGING DEMOGRAPHICS

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Charles S. Coffey, Chair, National Advisory Council, Canadian Museum for Human Rights and 3rd Vice-President, The Empire Club of Canada; Rabbi Perry Cohen, Facilitator, Teacher and Author; Victoria Sopik, President, Kids & Company; Richard E. Waugh, President and CEO, Scotiabank; Roberta Jamieson, CEO, National Aboriginal Achievement Foundation; Maureen Zhang, President, Smart IT Solutions and Winner 2005 North York Chamber of Commerce Business Excellence Award; Ted Rogers, President and CEO, Rogers Communications Inc.; Glen Grunwald, President and CEO, Toronto Board of Trade; Bob Hutchison, Vice-Chair, Toronto Board of Trade and Partner, Borden Ladner Gervais LLP; Vivian Tu, Grade 12 Student, North Toronto Collegiate Institute; Anne White, Perks Program Specialist, Telus Mobility; Tenio Evangelista, Vice-President, Borealis Infrastructure; Michael Sabia, President and CEO, Bell Canada Enterprises (BCE); and Philip R. Evans, Chair, Toronto Board of Trade and President, Lincluden Management Ltd.

Introduction by Bart Mindszenthy

Mr. Prime Minister, distinguished head table guests, ladies and gentlemen, since last September the Empire Club has been proud to host a Bell Canada Enterprises Sponsor Series featuring our nation's First Ministers. In this first-of-a kind series so far we have welcomed 12 provincial and territorial premiers. Today, in concert with the Board of Trade, we are delighted to have with us our most first of First Ministers—our Prime Minister.

We asked all the First Ministers to talk about their assessment of Canada today and their vision of what our country will be like tomorrow. The premiers, who have stood on our podium these past months, have been passionate about two core fundamentals.

The first is that we all need to better understand and respect and value what each and every province and territory does, can do, and is able to contribute to the national goal of shared values and well-being.

The second is that each and every jurisdictional partner in our nation wants to be a self-sufficient contributor to a healthy confederation of shared interests and values.

Hearing firsthand from our First Ministers has been both rewarding and comforting. Rewarding and comforting because all First Ministers have shared their perspective and challenges while articulating their surprisingly consistent vision for a successful future for our country. And no doubt, given the tumultuous, political roller-coaster ride that Canadians have been on for the past weeks, we're looking today for a stimulating and comforting message from our esteemed speaker. A message that this isn't just about being a part of a memorable moment in time but a message that defines how we can share a time-sensitive quest to determine how we as a nation will reaffirm our intent to forge a common collective future. A common collective future reached by being able to differentiate and successfully select between the instantly gratifying make-believe world of twist and spin and the much more substantive world of hard and proven facts and reality, co-mingled with the soft and touchy feelings of pride in oneness that evoke a nation's personality and style and character and that we all know includes everyone of us.

With that expression of hope and trust ladies and gentlemen, please welcome to the podium our Prime Minister, the Right Honourable Paul Martin.

Paul Martin

Good afternoon.

I've spent the last couple days in Edmonton and Calgary, where the Queen and Prince Philip were concluding their visit to mark the centennials of Alberta and Saskatchewan. Meeting the Queen and talking with her, it was impossible not to be struck by what a remarkable constant she has been during a half-century of change in the Commonwealth and around the globe.

We spoke about this and it occurred to me that while change is always with us, what's unique today is its pace and scope. Never has it been so rapid, never so sweeping, and rarely has it had the potential to have such a significant and lasting impact on Canada.

Let me begin today by touching on two of the major forces that will exert the greatest influence on our nation in the years ahead.

First, the realignment of global economic power. What's been talked about for years is now well underway: the world is coming to be dominated by a few titans—the United States, a largely united Europe, and now the emerging powerhouses of China and India.

As we all know, these two Asian countries, which between them represent more than a third of the world's population, have achieved economic take-off. This is the infancy of a massive new middle class, a billion strong or more—a brand new consumer society whose rise will be achieved in the socio-economic equivalent of a snap of the fingers.

For many of the established, industrial nations of the world, the emergence of China and India is a double-edged sword of promise and predicament. For Canada, with our small domestic market and our export capacity, I believe it places within our grasp unprecedented potential.

The second force that will influence Canada can be found in our demographics. Put plainly, we're growing older as a society and this has real implications. Fewer workers supporting more seniors. Potential skills shortages. Greatly increased demands on health care and other public services. New Canadians will soon supply all the net growth in our labour force; we need to help them adapt more easily to living and working in Canada. Young Aboriginal Canadians now comprise the fastest-growing segment within our population; we need to help them share more fully in our national prosperity.

Two significant forces—a changing world and changing demographics. How do we prepare for the pressures they will exert on Canada? The answer is that we must do what government has too often been unable or unwilling to do. We must plan ahead—and that is what I'd like to talk to you about this afternoon.

I remember travelling to a number of the world's financial capitals in 1994. I met with people whose institutions held Canadian debt. They looked me straight in the eye and they called Canada a basket case. It was quite an experience for a rookie finance minister. They told me: "If you don't clean things up, you'll soon be coming here on your hands and knees, begging to borrow money and we'll comply, but at rates that will make your head spin."

Their view of Canada was clear: our fiscal recklessness over decades was a giant boulder plummeting down from above. And we were the coyote, holding up a little umbrella and a sign that said: "Yikes!"

Never again can we allow government to live beyond its means like that. The penalty is too great. We must be vigilant and we must be disciplined, for that is the eternal price of fiscal freedom.

My government's plan begins, today and always, with an unflinching commitment to fiscal responsibility. That means three things.

It means getting our debt-to-GDP ratio down to a level that will give us the flexibility we need to confront unexpected problems and cope with the costs of an ageing society.

Thirty-six cents out of every dollar collected by government used to go to pay interest on the federal debt. Now it's 19 cents. When I took over as Minister of Finance, our debt-to-GDP ratio was almost 70 per cent. Think about that: our debt was equal to almost 70 per cent of our GDP—and growing. Now it's at 38 per cent. But we're not there yet. Over the next nine years we're going to get it down to an acceptable 25 per cent.

Next, to ensure our fiscal sovereignty, our commitment to financial responsibility means seeking to limit the amount of our debt that's in foreign hands. A decade ago, 44 per cent of our debt was under foreign control. Now it's 15 per cent.

And finally, it means keeping the budget in balance. For decades, Canada didn't just have deficits; we had a culture of deficit. Liberal government, Conservative government—it didn't matter. Nothing ever changed. We put an end to that. We balanced the books. We have had eight consecutive years in surplus now. Indeed, we're the only member of the G-7 not in deficit. Think about that—the only one.

Economists will tell you that it's fine for governments to run the occasional deficit, as long as things balance out over the course of the economic cycle but I did budgets for nine years and I know that the most important tool to control spending is discipline. There is a line and you cross it at your peril. Let yourself slip into deficit, and you may well discover—as so many industrialized nations have found this decade—that it's nearly impossible to reverse course. That's why we will be steadfast in our commitment to staying in surplus.

Now some of you are probably thinking to yourselves that he says no deficits, but he's been spending too much lately. Martin's lost it! He's gone over to the dark side!

Well let's talk about that. Let's cut through the opposition claims and get to the facts.

A couple weeks ago, I was in Nova Scotia, announcing an agreement with the province on early learning and childcare. I looked at the papers the next morning. "Martin continues spending spree!" blared the headlines. You'd think I was out there dishing out $20 bills to toddlers, telling them, "Here, go buy yourself something that squeaks, courtesy of the Government of Canada."

Well, let's walk through this. Early learning and child care is one of the priorities we campaigned on last year. The money for it was set aside in the budget—$5 billion. And now we're working with provinces and territories of all political stripes to invest that money and build the national program we promised. So in effect, we're being criticized for honouring our pledge. We're being attacked for doing exactly what we said we'd do. I've been in politics awhile, and I'm used to being criticized. But this is a new one for me.

We've also been criticized by our political opponents for the budget agreement we reached with the NDP, which represents an overall increase in spending of about 1 per cent.

Understand three things about that agreement.

First, it explicitly declares that we will not return to deficit. That's not a guideline; it's a condition of the agreement.

Second, Canadians sent us to Ottawa with a minority government, and a minority government means you work with the opposition. That's not just some quaint political tradition; it's a matter of cold arithmetic. A minority government cannot try to pass a budget by pretending it has a majority. Ask Joe Clark.

Third, the areas in which new spending is to be directed are all consistent with the priorities we funded in the budget and intend to continue funding: education, cities and communities and the environment.

Let me take a moment on this last point: I know there are some of you in this room who won't agree with my approach, who think I should simply cut taxes deeply and walk away from investments that might seem expensive, like affordable child care and protecting our environment. That's a legitimate point of view, but it's not mine.

For me as Minister of Finance, balancing the budget was never an end in itself. I am not a Conservative. We worked hard as a government, a Liberal government, to get to a surplus position—not to thrill economists (if such a thing is technically possible) but so we could actually do something for Canadians; so we could make a positive difference in people's lives, instead of simply shrugging and saying, "Sorry, we can't afford to help you. We can't afford to do anything."

Today, Canada's economy and public finances are national strengths that increasingly set us apart. We have the best growth in living standards among the G-7. The fastest job growth. The best rate of debt repayment. Low inflation. Low interest rates. Unemployment that's 30-percent lower than a decade ago. For Canadians, it's easier to find a good job, buy a house and pay the bills.

As stewards of Canada's finances, we helped build this record of achievement. And we will protect it. I will protect it. We will stay the course.

The first casualty of the deficit years was long-term planning. Throughout those decades in the red, the federal government was always concerned with the now—with the urgent pressures, the need to borrow, the rapidly escalating interest payments. But this is a different era, and the times demand a government committed to foresight, dedicated to maintaining a budget surplus, and determined to work not only for the Canada of today but for the Canadians of tomorrow.

So far I've spoken of fiscal discipline. That's the starting point. The next step is to take the dividends that flow from our surpluses and to reinvest them in Canada—making it more productive, more competitive, and ready to face the future.

To begin with, that means paying down debt. This is not some exercise in accounting. It is an imperative. We have already ensured the viability of the Canada Pension Plan for generations. We are well ahead of most countries but with the baby boomers poised to begin retiring soon, other challenges remain. As a government, we have already reduced the federal debt by more than $60 billion, but we cannot let up. Paying down debt is absolutely essential if we are to be fiscally strong and resilient.

Next, reinvesting in Canada means cutting taxes. We have reduced taxes by a cumulative $100 billion over the past five years, the largest tax reduction in Canadian history. We brought the federal statutory corporate tax rate below that of the United States. And on the assumption the nation's social programs are protected, we're going to continue to bring taxes down—to benefit families, to encourage entrepreneurs and investors and to help Canada thrive in an integrated North American economy and in a world of economic giants.

Reinvesting in Canada means investing in innovation. Since 1997, we have doubled support for university and hospital-based research—an increase of more than $13 billion. Our research universities are now at, or near, the top of world ranking in many fields. Nobody talks seriously about a brain drain anymore. Looking ahead, we are going to keep investing aggressively in Canada's research infrastructure—both basic and applied. Why? Because ingenuity and specialization are crucial if Canada, a nation of only 32 million, is to prosper among the titans of tomorrow.

Reinvesting in Canada means working with the provinces and territories. For instance, we recently signed an agreement with Ontario, that's focused largely on improving worker training and immigrant settlement. Both pursuits are essential if Canada is to successfully confront the global and demographic changes heading our way.

We have reached agreements with other provinces, and I'm sure we'll sign more as needs arise. This has been the case since Confederation. I believe strongly that exercising leadership in our federation means understanding and responding to the unique challenges of each part of the country—providing, and always providing, we have the fiscal capacity to do so.

You cannot have a nation as large and as diverse as Canada and not understand that meeting regional needs is in the national interest. The key principle is fairness. Of course the national interest will lead primarily to national solutions, but it is also in our collective interest to care and help when, for instance, the forestry sector in British Columbia is threatened by the spread of pine beetle, or when beef producers are devastated by the closure of the U.S. border.

Fairness is not found in dividing each federal dollar into 13 slices. Nor is it to be found in adding up a balance sheet at the end of each day to see if it was profitable to be part of Canada.

Finally, preparing Canada to face the future means reminding our American friends that free trade actually means free trade. NAFTA has been a success, but there remain some troubling issues—foremost among them the fallout from BSE and the harassment of our softwood lumber exports. We cannot let this stand. We will not let up in our efforts.

A couple months ago I was in Texas, where I signed a new prosperity partnership with President Bush and President Fox of Mexico. The agreement declares that it is in our shared interests to respond to the rise of China and India by forging a more integrated North American economy.

But this will only work if the Americans refrain from violating the spirit of the trade agreements that unite us in commerce. NAFTA needs a dispute settlement mechanism that is objective and binding, one that brings things to a conclusion in a reasonable period of time and whose decisions governments are prepared to be bound by. The agreement will be forever flawed without one.

Debt reduction, tax cuts, investments in innovation, federal-provincial co-operation, free and fair trade are all essential parts of any equation that will add up to increased productivity in Canada. And this is crucial for our ability—for your ability—to exploit the huge new markets that are opening up.

For this reason, we will continue to invest in the drivers of economic growth, as we seek to create greater wealth at lower cost.

That being said, let me be clear: the definition of these drivers cannot be narrowly defined for our productivity and our ability to compete depends on our willingness to reinvest the fiscal dividend in the kinds of programs that enhance our quality of life, that set Canada apart and that give opportunity and security to our people.

This is why last summer's agreement on health care is so important. For years there was dysfunction in the manner in which the federal and provincial governments discussed and negotiated health-care funding and progress on health reform.

We understood that the only way to make the progress that Canadians deserve—the only way to begin preparing for the increased costs of an ageing society—was with an agreement that's long-term, that lays out adequate, predictable funding and that addresses the most pressing issues such as access and waiting times.

Working with the provinces and territories, that is what we achieved—an agreement that by this year-end will lead to the measurement of waiting times and the establishment of real benchmarks that will guide efforts to bring them down; an agreement that will ensure true accountability to our citizens. This is an investment in our collective future.

Pursuing the enduring goals of prosperity and security also require the national government to set out the new national projects that are essential at each period in our history.

For years now, cities and communities have struggled to maintain important public services and infrastructure. And they've been doing it with limited sources of revenue that don't keep up with economic growth.

Our government understands that the quality of life of Canadians—now and in the future—is and will be profoundly influenced by the health and vitality of our cities and towns. We want and we need our communities to be great places to live, to work and raise a family. And the way to do this is to ensure that they have the revenue they need to run public transit, to maintain parks, and to build infrastructure. It is also to bring municipal governments to the national table, and to give them a voice as we establish the objectives of the nation.

That is why we have worked toward a long-term solution. First, a rebate on the GST and now, the transfer of a portion of the gas tax—a move that will mean billions more in revenue going into important local projects that will make a positive difference in the lives of Canadians. This is an investment in our collective future.

Finally, our national program of early learning and childcare.

I believe that the federal government owes a duty to contribute to a culture of learning that goes beyond our current support of post-secondary education that goes to the heart of when learning begins.

Understand we are not just talking about childcare. The focus here is on development and on giving children a leg up. That means each child will get a better start and a better chance of thriving in the later years of school and in life. Quite simply, it is the right thing to do for our kids and it's the right thing to do for our country. Indeed, the Bank of Canada has called early learning the single most important investment that we as a nation can make in our own future.

The market for high-quality jobs is increasingly global, and the competition is increasingly intense. We have got to stay ahead of the curve. That is why we're placing such a high priority on early learning, and that is also why we're increasing our support for post-secondary education. These are investments in our collective future.

Better health care, vibrant cities and communities, affordable child care, improved access to education are initiatives that support our plan to work with all orders of government to ensure Canada prospers in the face of global and demographic change; they serve as a declaration that we are determined to prepare our nation for the challenges of tomorrow.

In a sense, the government is like a family—a family that for years struggled to escape from the vicious circle of debt. A family that each year added more to what it owed. Now our family has done the hard work of putting its financial house in order. The chequebook is balanced. We are united by our determination that we will not go back to those hard days. We are united by our determination to build for the years ahead.

Ladies and gentlemen, this is Canada's time. I look to the future and I see such promise, such potential. I travel this land and I see a country and a people that are poised to seize the opportunities that lie ahead. There is so much we have going for us as a nation.

I believe in a government that recognizes the forces that will shape our world and then makes sure that we are ready to confront them, all of us, together.

I believe in a Canada that has a strong national government that is a force for good, making a positive difference in people's lives, representing our values and our interests on the world stage.

I believe in a Canada that keeps its economy strong, keeps unemployment low, and protects its prosperity by refusing to go back into deficit.

I believe in a Canada that values and protects its publicly funded medical system, so care requires a health card, not a credit card.

A Canada that supports and helps to strengthen its cities and communities, so our rural municipalities can thrive, so our major cities can serve as our signatures to the world.

A Canada that invests in the future of generations to come with affordable, high-quality early learning and childcare, and a post-secondary education system that's second to none.

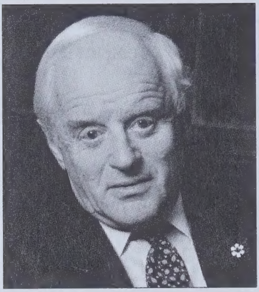
This is the Canada I believe in. This is the Canada we are working toward.

Because I believe that as a generation, we will ultimately be judged not by the conventional wisdom of today but by the Canadians of tomorrow. They will look back.

They will understand that we had the means to plan ahead. They will see that we acted, that we reinvested in the great shared project we call Canada and that we were up to the challenge of using opportunity in our day to build for them an even brighter future.

Thank you.

The appreciation of the meeting was expressed by Philip R. Evans, Chair, Toronto Board of Trade and President, Lincluden Management Ltd.



June 2, 2005

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

Peter Munk

Chairman, Barrick Gold Corporation, Chairman, Trizec Properties Inc. and Chairman and CEO, Trizec Canada Inc.

MY VIEWS ON GLOBALIZATION

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada; Gregory Murray, Grade 12 Student, North Toronto Collegiate Institute; Reverend Vic Reigel, Pastoral Staff, Christ Church, Brampton; Allan E. Gotlieb, CC, Senior Advisor, Stikeman, Elliott and Former Ambassador to the United States; The Hon. Michael H. Wilson, PC, OC, Chairman and CEO, UBS Global Asset Management and Former Federal Minister of Finance; Professor Janice Gross Stein, Director, Munk Centre for International Studies; The Hon. Donald S. MacDonald, PC, CC, Senior Advisor, Lang Michener and Former Federal Cabinet Minister and High Commissioner to the Court of St. James; Donald Johnson, Consultant, BMO Nesbitt Burns and Director, The Canadian Club of Toronto; Dr. Sylvia Ostry, Distinguished Research Fellow, Munk Centre for International Studies; The Hon. Michael D. Harris, Senior Business Advisor, Goodmans LLP and Former Premier of Ontario; Jamie Anderson, Deputy Chairman, RBC Capital Markets; and Michael MacMillan, President, The Canadian Club of Toronto, Chairman and CEO, Alliance Atlantis Communications Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, Peter Munk and I have three inextricable and unassailable things in common.

The first: we are both among the many who have immigrated to Canada, and who are proud Canadians by choice because we know this is one of the best countries in the world.

The second: both of our surnames start with the letter "M."

The third: his mother and my parents used to play cards together a long time ago.

And with that, the commonality ends.

I can assure you that he's much wiser and way more worldly than I am. In fact, it's precisely that more worldly view that has established the man and his endeavours as a living legend and testimony to a successful global business model. He is entrepreneurship personified and personalized.

Those who work closely with Mr. Munk explain that he looks upon the companies he's created almost as family. He wants to nurture and be there for each one of them. He wants to help shape and guide them, and he's always willing to carefully consider the views and counsel of his management teams.

As a result, Mr. Munk has built highly efficient and competitive companies on a global scale. Built them with conviction and passion and a commitment to the long term and, always very much so, with sound ethics as a key value. And led them by doing the right things the right way, all the while being hugely supportive of important undertakings through his awesome philanthropic support.

Given the reality that our speaker's business interests literally span the world, who better than he to talk about doing business at the global level? Which translates to globalization—a concept and course of unfolding events that has us moving in directions some firmly embrace, and others sincerely fear.

But as William Dymon—senior advisor for the Canada-U.S. free trade agreement—points out, "Globalization is neither a creed nor a policy. It is a process neither new nor more threatening today than in the past"; yet, he says, "Both the critics and the supporters of globalization focus on the symptoms rather than the causes of globalization."

But entrenched proponents and opponents wage angry, verbal, and sometimes physical battles globally. Each unveils study after study of perfectly proven research and data to demonstrate that the consequences of globalization are either wonderful or terrible.

Today, we're here to benefit from Mr. Munk's perspective of working across borders and cultures. A viewpoint that began emerging some 40 years ago when he headed the largest hotel and resort chain in Australia. A perspective further enhanced with the firsthand experience of founding and building one of the world's largest and most successful gold-mining companies—Barrick Gold. And a perspective amplified through his role as Chairman of Trizec Properties, the second-largest publicly traded U.S. real estate investment trust and as Chairman and CEO of Trizec Canada.

Ladies and gentlemen, please welcome to our podium an exceptional man with boundless energy, a great sense of giving, and amazing entrepreneurial vision—Mr. Peter Munk.

Peter Munk

Thank you Bart. For a moment I thought you were the speaker. It was quite an introduction. I was about to step up here and thank you.

I think it is appropriate for me to warn you that I'm a lengthy speaker. I have difficulty containing my comments. As a matter of fact, I just told Michael that before the wedding of my last daughter she asked me to keep my comments down to six or eight minutes. Being very nice she said: "Daddy, after all it is not your affair. It is not about you."

I said: "Gee, I thought it was because I am paying the bill."

But that did not convince her so I said: "Darling, you know I have really got a problem with keeping my speeches short. I will not be hurt. I have three daughters. You are the last one to get married. I really will not be hurt if this time you skip me. You have a brother. You have got friends."

"No, no, no Daddy, you must speak."

So I got onto the podium and I really tried to contain myself and I do want to tell you that 48 minutes later I was given a standing applause. So remember just because it's long it is not lousy.

But on this occasion I was fortunate enough to be asked by both Michael from the Canadian Club and Bart from the Empire Club. I asked them how long they would like me to speak and they said 20 minutes. I thought 20 minutes each; that's 40 minutes. I think I'll be alright. I think Michael then said: "Well that's alright with us too, but if you don't mind all of us will be leaving at 2 o'clock.

So I said: "I don't mind either." There will be no hard feelings if anyone of you decides to leave.

To get on to a more serious vein, I don't quite know exactly how the title of this presentation was verbalized. I did want to speak about globalization. I think it is the topic of the day. I did want to make sure that my presentation to you is globalization from a highly personalized view.

Globalization is a theory that is now throughout the world. It is possibly one of the most debated, most discussed and most thought-about subjects currently in existence.

At this head table, from a Canadian point of view, whether you talk about the theoretical, the political, the academic or the conceptual approach to globalization, we have people like Allan Gotlieb who fought the battle more than anyone else where it really matters—at the U.S. Congress. We have people like Donald MacDonald who headed up the very commission that with enormous amounts of guts and courage did say that free trade is the answer. And we have people like Sylvia Ostry whose intellectual work with the WTO has never been paralleled by any of the so-called high-level international services. I would hardly be the appropriate person to listen to for a great treatise on global free trade if you had this head table available. You wouldn't pick on Peter Munk. But you have got me. Maybe I can add a different viewpoint and while I'm not theoretical, I'm not political, I'm not philosophical, I did embrace the subject of globalization at a very early stage for very highly pragmatic and most selfish reasons.

I was exceptionally proud to have been asked to give my first speech to the Canadian Club. I came to this country in 1948 and after the war I was the first non-native-born Canadian to address the Canadian Club. I remember weeks before I had to pinch myself to believe it. But the subject I spoke about in 1963 was a passionate pitch for opening up the borders for products. I don't think we had the word "globalization" at that time. I was trying to sell a totally Canadian-manufactured very high-tech product for $700. The retail price of it in 1961 was $699. For you who were certainly not economically active if you were alive at all, that was a time when a Volkswagen was $1,500. We sold an unprecedented 150 units the first year. By the time we sold 350, Clairtone was the first Canadian company to go public in the post-war years in the industrial sector. That was on April 15, 1960, the day you Anthony were born. People often accuse me of remembering going public more than the birth of my first child. That shows you my priorities. But we were the first Canadian company in the industrial sector to go public.

For us it was so easy to realize that after you sold 300 sets and then 1,000 sets and then 2,000 sets you simply ran out of Canadians to sell them to. You can be a brilliant salesman, you can have a magnificent product, but you need markets. So we had to grow and it was so obvious to us that rather than keep on growing from Montreal to New Brunswick and out to Halifax or going west to Winnipeg and on to Edmonton (which we did of course), it was so much easier to go to Buffalo. It was so much easier to go to New York. After all we had more Americans richer than we were in a few hours' driving range than we had driving all the way to Halifax or Vancouver. We simply didn't understand why we shouldn't do it.

So we did open up the American market and to get back to my speech in 1963 at that time I was pitching free trade. I'm absolutely convinced that most of the people, maybe with the exception of one, thought that I was a crazy young hot-head talking nonsense. The press thought it was a laughing matter and the public walked away with skepticism fully justified. The only person who

I think applauded and thought I was right was my father and I always suspected that that was because he didn't speak English well enough to understand me.

And so my commitment to this crazy cause of free trade began with passion. I happen to be passionate. Business was very important to me. Growing a business was absolutely essential, especially when you had other people's money and so I found that free trade in North America became part of my religion, part of my conviction.

Then for reasons, which I would be embarrassed to discuss with you, I was unceremoniously dismissed from Clairtone, the company I founded. I moved on to Sydney, Australia and I found myself in the '70s running a hotel company that at that time was the largest hotel group in the South Pacific out of Sydney. It was called Southern Pacific Hotel Corporation and we had some 50-odd hotels. The hotels were right through the hemisphere—New Zealand, Australia and Fiji. We were growing fast as usual and the proverbial hit the fan. The oil embargo came in, the secondary banking crisis hit in '73 and we were standing there with 50-odd hotels, mortgaged up to the hilt and very few people to fill the beds. And so again we had a problem of how do we get people. It was crystal clear. You did not have to be a genius or a Sylvia Ostry or a high-level academic to know that if Australia just opened up its borders and allowed people to come in, if you opened up the skies and allowed 15 airlines, not just Qantas, to fly in and out, you had a good chance of bringing in Indonesians, Indians, Asians. So we started the policy of "open sky."

Six years later, Australia adopted the open sky policy. Qantas had its monopoly taken away and the rest is history. Australia prospered. And while these individual little tidbits on their own represent nothing more than a tiny anecdote in the overall picture, it's the combination of things—the free movement of people, the free movement of products and the free movement of capital—that created the fundamental beginning of free trade that today is so universally acknowledged to being the greatest generator of wealth of any institution in the history of mankind.

I've taken you back to the sixties. I moved you on to the seventies and eighties. Now let me move you on to Canada. Let me talk to you about Barrick. Barrick started off, as most of you in this room know, as a small $100-million gold-mining company, in which we invested the money that we brought back from Australia. We bought a mine in Wawa Ontario. We moved on from there and then as a major acquisition we bought a half-bust company at that time called Camflo. Ten years later it was Trizec. We bought Camflo and with Camflo of course we inherited Bob Smith and his spectacular management team. From there we moved into America. And from America we grew a company. We got lucky in Nevada, we got lucky in Utah and besides lucky we had a great financial policy. We had great management, we had great people and all the things that you do have when you build corporations. And that little $100-million company became a multi-billion-dollar company.

By the time we decided that we had to keep on growing, it was clear that we had to go beyond North America. This was exactly the same fundamental rationale that drove us to the American market 20 years earlier to sell our Clairtone sets. It was the same rationale that made me pitch the open sky policy in Australia and the same philosophy that made us pitch the globalization agreements that allowed a company like Barrick to move capital, people and expertise at will to those places where our shareholders had the best chance to get the maximum return.

Please let me be allowed to pat myself on the back. I'm not here to promote Barrick shares or my own company but it's the one that I understand the most and I can describe clearly the kinds of human benefits that mankind receives when you multiply the Clairtone story a million times. For each successful Canadian entrepreneur who can create a Barrick, there are 1,000 sitting in Tokyo and 1,000 in Korea and 1,000 in Germany and 1,000 in Moscow and 1,000 in Buenos Aires. Over the past 25 years these people have enabled half the world's population throughout Asia, China and India, who have been mired in eternal poverty, to enjoy the kinds of standards we have traditionally enjoyed. No government, no public agency, no WTU, no NATO and no UNO can do what a combination of millions of people engaged in the task of creating and generating capital can do.

Barrick today operates or has opened up or acquired some 30 area mines. The mines go from Tanzania to Peru, from Chile to Northern Ontario, from British Columbia to New South Wales. We truly are a Canadian corporation that spans the world. We built a company with a $100-million market cap in the sixties when we went public to $15 billion today. Clearly it is self-evident that thousands, tens of thousands of shareholders, have become wealthy and rich. That's taken for granted and it's algebraically demonstrable.

Clearly tens of thousands of people were given employment opportunities at a remuneration level and more importantly at a human challenge level that brings out the best from human beings. Let's face it ladies and gentlemen ultimately it is not about money. Money is a measurement we use. It is all about self-fulfillment and optimizing our potential. That's what life is all about. And Barrick has been able to do that in 17 countries in every remote corner over and over and over again by making its investors rich.

Barrick has done much more than that. Barrick has transferred technology, advanced high-tech know-how and competence into areas where the word was totally unknown, let alone the practice of high-tech applications and operations. And that technology often left us and moved on to other areas in those countries where it created additional and ongoing benefits. The employees of Barrick in Tanzania or in Chile or in the highlands of Peru have been able to elevate themselves from a subsistence level existence to a point where they have wages equal to Canadian wages. Their children have become educated. We have provided health facilities to the tens of thousands of people we employ, especially in remote areas but I think even in Nevada. In some cases (and I refer specifically to our hospital in the remote part of Tanzania, where our big mine is) we have provided health care not just to the workers but to the whole community. We brought in fresh water, not because we are generous, not because we are church-going Christians, not because we wanted to share the wealth, but because of our own self-contained interest. You don't want people working for you who are not healthy. You don't want people working for you who do not get benefits such as pure high-quality water lines that were never available in the eastern part of Tanzania providing water for tens of thousands of people.

Of course Barrick has a cultural inclination to do the right things by its people. It inherited that from Bob Smith, our first president who came from Quebec where mining people back in the fifties and forties were getting sub-standard wages and had 10 children. It was Bob Smith who introduced the policy that every miner who worked for Barrick and who worked for at least three years had his kids educated through university at the company's cost. That policy by the way has been adopted throughout the world and has been responsible for hundreds if not thousands of children now fulfilling their human potential to the maximum extent.

I could go on and on and on but I'm not here to talk about Barrick. I'm only trying to use Barrick as an example I'm familiar with. As I say again, Sylvia Ostry can talk to you about macro issues and Allan Gotlieb when he tried to convince the U.S. government to vote for free trade used wonderful academic statistics, but life is not about academic statistics. Life is about what you do in your family, in your business and what you can do in the communities where you operate. I'm convinced, regardless of what you read in the newspapers, that corporate America, corporate Germany, corporate Australia, corporate Japan, the corporate entities of the free world are driven by much of the same morality, the same motivation and the same desire to do the right thing as we are. And then if you add together the totality of that much human effort, of that much capital, of that much focus and determination, then you understand how free trade and free markets—globalization—moved the world.

Please bear with me and allow me to recall that in the 1950s, the United Nations established the Food and Agricultural Organization, the FAO. The biggest concern they foresaw was mass starvation. Hunger, about which none of you, especially the young generation, knows was a constant companion to mankind. It is not an accident that every major religion, whether Muslim, Buddhist, Jewish or Christian, starts off with a blessing to the Lord for having given us our daily bread. This comes from our grandparents where the single-most important priority was the daily bread. Back in the 1950s, in the aftermath of the devastation of the Second World War and the enormous inequalities that the human race tolerated up until then, half the world's population lived on an average per-capita income of $60 per head. Sixty dollars per head per year while in America we enjoyed $1,850. The $60 per head was too much to die but not enough to live. Famines reoccurred over and over again. The last famine recorded by the United Nations in 1927 in Bengal wiped out 11 million people. But before you actually talk about famines, there are tens of millions of people who are on the verge of famine. That lack of food, lack of nourishment and lack of calories undermines their ability to function.

I can go on and on and talk to you about housing. I can talk to you about lack of opportunities. I can talk to you about horrendous things but I'm sure you can all imagine what happens to a family who keeps on living in the same hovel, the same house, generation after generation and cannot scrape together enough for food.

Let me just point out to you that in 1961 when I went public with Clairtone, China and India combined had roughly half the world's population. At that time, the world's population was roughly 2.2 billion people. Life expectancy in North America was between 65 and 66 years. Life expectancy in Western Europe was between 55 and 58 years and life expectancy in China and India was 30 years.

Is there any argument left about globalization? You want to debate what happens to 1,500 removed textile workers in Leone who have been replaced by Chinese workers? You want to argue about what happens to some communities in Massachusetts who made high-priced T-shirts, which are now being replaced by Indian T-shirts? How can you compare the small issues with what we have done to humanity, to mankind?

Do you know that in 1962 the United Nations reported that in North America the number of infancy deaths, the ultimate measure of a human race's ability to sustain itself because when you are living on the edge all your energies go to trying to help your children survive, was roughly 20 deaths per thousand births. That was North America. Do you know what it was in China and India? Two hundred and twenty. And do you know where they are today? Very close to us. But the problem is that the naysayers, and there are many of those, focus on the micro.

I would just like to draw your attention to this week's event, the key event, as far as globalization is concerned, in France where Mr. Chirac ended up with a "no" to the European Union Constitution and then in Holland there was an even worse "no." The poster child of the "no" campaign was a Polish plumber. Let me tell you about French plumbers. They have one of the strongest and most left-wing unions in France and nowhere in any country are they lazier. The lazier the people are the more they have to depend on unions. They push the unions to squeeze out more bucks for less work. There is no union as left-wing, no union as tough, no union as determined as the plumbers' union in France. The plumbers' union has 5,940 registered members. The average plumber when he comes to your home in Paris to solve your drain problem currently charges 79 euros per hour. You compare that to the average guy doing a great job in Beijing. France and the Europeans allowed nine nations to join the EU. Suddenly the EU expanded and Slovakia and Poland and Hungary and Lithuania and Estonia became members. Then one Polish plumber got lucky. He went to France and working as a plumber he found out he could charge 79 euros. That was his weekly wage in Poland. So he must have called his friend, another plumber. So suddenly 168 plumbers from Poland arrived in France about a year ago. The Polish plumbers seriously undercut the French plumbers. They couldn't speak the language but they knew how to clean drains. The Polish plumbers suddenly became very popular. You don't hire plumbers for their linguistic knowledge. The main debate on the whole European Constitution, the fundamental document meant to determine the future of Europe, was based on a poster of a Polish plumber with a headline underneath announcing: "Do we want more Polish plumbers? Don't we want to protect our own lovely plumbers? If you don't protect our plumbers what will happen to our electricians? What will happen to our stonemasons?" Those 168 Polish plumbers caused Chirac to lose the election.

What has been forgotten, ladies and gentlemen, is that after Poland joined the European Union and the Polish plumbers went to France, one and a half billion euros of French perfume, French textiles, French head scarves, Louis Vuitton bags and other French goodies have been exported to Poland. But the macro gets overlooked. The micro becomes human. The micro becomes good stuff for local advertising. The micro becomes headline stuff. It was lovely to show poor French plumbers marching up and down striking because they were now being given competition. Imagine the tragedy—getting competition from a plumber charging 79 euros. God forbid us from that plague.

This is the story of what is going on. There now exist groups of people who are united only by their wish to defy globalization, nothing else. The unifying force of the anti-global people is the ability to say "no." They stand for nothing united. They consist of animal rightists and greens. They consist of left-wing Trotsky-ites and extreme greens and they go together to Davos, Switzerland where the World Economic Forum is or Seattle to smash windows. Boy do they get the press and do they get the sympathy!

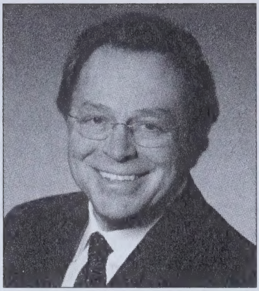
I could go on forever but this is not the wedding of my daughter and I'm not paying for it so I don't think I've got the same right. I'd just like to say to you that globalization is one of the most wonderful things that happened to mankind. The benefits are clear and obvious to everybody who is prepared to look away from the mini and the micro and look at it globally. Go to India. Go to Indonesia. Go to Latin America and see what it has done. I don't think it's a perfect system and there are many areas where there is room for improvement. We corporations have a fundamental responsibility, a major self-interest and a high ability to undertake improvements, but I'm talking about improvements in governance, improvements in methodology, not changing the system.

As Churchill once said: "Democracy is a dreadful system but it is by far the best we have so far come up with in humanity."

Globalization may have many, many faults but by God it is by far the best we have ever come up with. Thank you very much.

The appreciation of the meeting was expressed by Michael MacMillan, President, The Canadian Club of Toronto, Chairman and CEO, Alliance Atlantis Communications Inc.

Nona Macdonald-Heaslip, Past President, The Empire Club of Canada and Peter Munk, Chairman, Barrick Gold Corporation, Chairman, Trizec Properties Inc. and Chairman and CEO, Trizec Canada Inc.



June 9, 2005

Arkadi Kuhlmann

Chairman, President and CEO, ING Direct USA

REVOLUTIONARY THINKING IN RETAIL BANKING

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Doug Morris, Owner, Morris Glass and Director, The Empire Club of Canada; Raymond Dang, Grade 12 Student, Riverdale Collegiate Institute; Rev. Canon Kimberley Beard, Senior Pastor, St. Paul's On-the-Hill Anglican Church and Director, The Empire Club of Canada; Lucy Vanderwal, President, H&M Canada; Donald Johnson, Consultant, BMO Nesbitt Burns; Dan Cornacchia, Partner, Ernst & Young; Kamal Hassan, Director, The South Asia Group Ltd. and Director, The Empire Club of Canada; Ron Knox, President, Joseph Taylor Inc.; Eileen Mercier, President, Finvoy Management Inc.; and Roselind Lehman, COO, SAP Canada Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, welcome to the second in our Banker's Speak series sponsored by SAP Canada.

And since clearly you're interested in banking and bankers, you no doubt saw the recent Globe and Mail article on bank performance. It stated that Canadian banks delivered better stock market performance over the past five years than their counterparts in any other country.

The Canadian domestic banking sector posted an average total shareholder return of more than 23 per cent between 2000 and 2004, compared to second place Australia at a bit more than 18 per cent, and American banks with a combined return of around 9 per cent.

Canada's retail banking is a success story. It has a solid base of customers, a lot of whom embrace technology. In fact, it's the penetration of electronic banking that provides great efficiency ratios. But we're going to hear today why we shouldn't be lulled into complacency based on returns alone.

And we're going to hear it from a man who managed to redefine the concept of banking to hundreds of thousands of Canadians.

When it went looking for a leader to start a new bank in Canada in 1996 based on the novel concept of a telephone bank with no branch offices, ING knew it needed someone with a mixture of proven chief executive and maverick self-starter. And Arkadi Kuhlmann fit the bill.

Then he was able to replicate his success as President and CEO of ING Direct Canada in the U.S. market, where he launched ING DIRECT in 2000. Again offering simple savings products over the phone and on the Internet directly to consumers, he has built what is today the fourth-largest savings bank in America.

Given his impressive track record, clearly Mr. Kuhlmann can speak with authority about banking without borders, and how we can embrace innovation, technology and regulation to build upon our current in-country success to take a more prominent position on the world stage of banking.

Before leading ING DIRECT in North America, he worked for what were then more traditional financial institutions. However, it was his role as a turnaround artist in those organizations that showcased his ability and foreshadowed his future career. At the Royal Bank, for example, he pioneered electronic banking in the 1980s. At North American Trust, he created a tactical business plan that moved the organization from a $10-million operating loss to a $17-million profit in only two years.

No stranger to the Canadian financial services sector, Mr. Kuhlmann holds several board positions here, including Chairman of the Board of ING Bank Canada, Chairman of the Board of the Richard Ivey School of Business and Chairman of the Board of Foster Parents Plan International.

Ladies and gentlemen, please welcome to the podium of the Empire Club of Canada the Chairman, President and CEO of ING Direct USA, Arkadi Kuhlmann.

Canadian banks have been and continue to be good for widows and orphans, offering good stock and dividend returns. While shareholders are benefiting, consumers are getting left behind. Canadian banks are slipping in global rankings. If you look at the most recent Financial Times worldwide ranking of banks and insurance companies by market cap, the first Canadian bank entrant is Royal Bank of Canada at number 37. Although this lack of global recognition can be found in many Canadian industries, it is very disappointing in the financial services sector.

But I believe we can, and indeed must do better, or risk the very real danger of "shrinking to greatness."

Today I'd like to talk about consumer trends and technological innovations that are driving change in the banking industry. I also will touch on the regulatory framework that is constraining growth and innovation.

The retail banking landscape has changed at a rapid pace in the last few decades. Customers are now embracing technology that saves them time and money. This paradigm shift has been driven by empowered consumers who are redefining the idea of "customer loyalty" and are more mobile and flexible than ever before. The "do it yourself" mentality is taking hold and sparking successes with companies such as Home Depot, IKEA and Southwest Airlines. This trend will also have a major impact on retail banking in the coming years in the U.S. and Canada.

Customers want to embrace change. Keeping up with the customer is important for banks because they are voting more and more with their feet on their way out of the branch. While retail banks continue to rely on cross-selling, it really hasn't delivered the expected impact on business results. The value proposition must be better if it is to work, but in most cases the opposite is true. Even innovative marketing concepts such as reward points to improve loyalty are quickly losing their impact.

Empowered consumers are looking for choice. The Internet makes it faster and easier to get product information. Now all you have to do is "Google" it. It's very simple for consumers to comparison shop, and even buy, online. In electronic banking, a decision can be made with a mouse click. This, of course, creates an entirely new set of challenges for more traditional ways to service customers.

The new consumer is forcing most of the value into the products and less into the relationship, which is the opposite of where banks have been focusing their efforts. Customers, however, won't pay for advice for even simple products anymore. In the United States, for example, branch visits, which had a high of 4.4 visits a month per customer in 1995, dwindled to just 2.5 visits in 2003. Yet there are already 80,000 bank branches in the U.S., with 2,000 more being added this year alone. Opening bank branches to gain new customers is a zero sum game. The trend for branch opening in Canada is more muted, with close to 8,000 bank branches primarily holding steady.

In Canada, the market is ripe for further shifts in banking. Canada has a customer base of early adopters and good penetration of electronic banking. Nearly eight in 10 Canadians used their bank's Web site in 2004, with 79 per cent of all customers using online bill payment—the second most popular use of the online channel. This adoption is far outpacing the U.S., where in 2003 just 37 per cent of Americans were banking online and 26 per cent were using online bill pay. In Canada that same year, 53 per cent of Canadians were banking online and 45 per cent were taking advantage of online bill pay. Canadian customers' affinity for embracing technology presents a tremendous opportunity for Canadian banks.

A bank's business should include basic, commodity-like services, as well as a few innovative offerings with reduced fee structures. How can this be done? When applying technology to enhance productivity and redefine products, it's the electronic interaction with the customer that yields the largest gains. The question needs to be asked, which part of the business is being served? Think of Finland and Japan, two countries where consumers and banks embrace technology. While Canadians embrace inexpensive new online options, they are paying high banking fees—an average of C$150, as compared to $102 in the U.K., $84 in China, and a mere $54 in the Netherlands.

I believe customers will not accept this fee structure without better service. Empowered consumers compare competitive offerings and give their business to continuous innovators. To realize these opportunities, strategy, enabling technology, and back office operations must be compatible with the consumer mindset. For example, transparency of products—how they work or their real value—is a complete mystery to most consumers. Today, consumers increasingly want to know what they are buying, compare value, and have confidence in their choice.

Canadian banks are missing the opportunity presented by these consumer trends and adaptable technology. But to be fair, they also face regulatory challenges.

Certainly, I am a strong proponent of any legislation that pursues the objective of safeguarding the stability of the industry. More often than not, however, the spirit of the legislation gets lost and unintended consequences do appear. Sarbanes-Oxley in the U.S. is an example of legislation that was triggered by weak players who did not perform well. It was then thrust upon all businesses, thereby penalizing all players. Canada is sure to follow. Regulation can be a barrier to entry for smaller players and a disincentive for innovators when it means additional costs and complexity of doing business.

There are many examples of prosperous industries and companies that operate virtually unencumbered by regulatory constraints. It is these efficient structures that allow for capital to be matched to ideas, for breakthrough technology to be rewarded, and for savings to be channelled to the strongest results.

The IT industry in the U.S. is a good example. Unimpeded by regulatory roadblocks, it has endured the full force of transformational changes brought upon by innovation and new business models. Free market forces or efficient markets have shaped the IT industry, and have forced industry players to compete on the basis of constant innovation.

Who would have imagined the emergence of Dell as the leading vendor of personal computers when Michael Dell started the company in his dorm more than 20 years ago? Dell is now a dominant force in the PC segment, and is slowly taking its no-inventory and just-in-time manufacturing to other industries.

Another more recent example, just eight years old, is ING DIRECT, which has thrived despite regulatory adversities, while improving upon technology to have a positive impact on consumers and a transformational one on the industry. ING DIRECT has re-energized simple financial products to provide real value to customers. To date, accountholders at ING DIRECT in the U.S. have earned more than $1.4 billion in interest, which is $750 million more than they would have earned in traditional money-market accounts.

In 1997, ING DIRECT Canada launched operations and began offering Canadians choice and a clear value proposition. To date, we have paid out C$1.2 billion in interest to Canadian customers. By the end of 2004, ING DIRECT globally had raised C$240 billion in deposits (160 billion euro). During the same time, Canada's largest bank, Royal Bank of Canada, managed to grow its retail deposit base by $27 billion. This 11:1 ratio is a strong testament to the potential of growth possibility unleashed by customers and realized by a new entrant.

The ING DIRECT model has exploited technology to provide a better customer experience that is not only more secure, but also protects customers' privacy while driving down operating expenses. In the U.S., ING DIRECT operates at one-third the cost and produces one-half the revenue of a traditional retail bank, yet still yields returns that meet shareholders' expectations. A return on equity of 11 per cent, return of assets at 1 per cent, and an efficiency ratio at 38 per cent compare very favourably to industry standards for a four-year-old bank. The ING DIRECT model could have been done by a Canadian bank.

However, Canada's environment of regulation doesn't support the kind of innovation typified by ING DIRECT. In this environment, traditional players post very strong returns and have a stranglehold on the national market. The average ROE for the top-five Canadian banks is 17.39 per cent, and 88 per cent of all Canadian bank assets are held by the top-five banks. Leveraging this protected and dominant position, banks generate a major share of their total earnings by aggressively cross-selling into a captive retail market.

New entrants are either dissuaded from entry or eventually forced out of the domestic market. Safety and soundness are often used as a blunt instrument when looking at new ideas. Whose job is it to find the diamonds in the sand? We only need to look at how many new, successful retail banks have survived and prospered in the last 50 years in Canada.

Now you may ask, "What's the problem, if Canadian banks are extremely profitable?"

The problem is that over time, regulatory restraint erodes a bank's ability to compete against new players. A marketplace that is protected and profitable has no incentive to hone competencies for venturing onto the global stage. A cumbersome regulatory framework creates a market that is characterized by slow adoption of available technologies, higher fees and service charges, and domination by a few players. The result? We see little growth. So the real question is, "How sustainable is profitability on a global scale without growth and innovation?"

The real danger inherent in a highly regulated environment is the phenomenon known as "shrinking to greatness." Yes, we have profitable players, but our large Canadian banks are faced with a decreasing global marketshare. For example, the top-five banks were able to grow their total asset base by just 7 per cent over the past three years. This compares to 46 per cent for their U.S. counterparts. Investors reward profitability, but they also seek companies that offer continuous and strong growth prospects. The total assets of the U.S. peer group exceed those of the top Canadian banks by a ratio of approximately 4:1, while their market capitalization has swelled to a multiple of more than 6.5.

Capital markets are predicated on the notion of mating capital with ideas to drive change. The investment community considers the quality of a bank's earnings by looking at both profit and growth potential. For example, Canadians have lived with restrictions in their investment choices for RSPs. We applaud the recent budget proposal to eliminate the foreign investment cap to allow Canadian consumers to vote with their dollars on both the future growth and profit potential of any company, thereby opening up the competition for capital. In the end, this will put positive pressure on the Canadian banks.

In a highly regulated environment, new entrants and strong performers are punished by regulations made necessary by the behaviour of a few weak players. The same is also true in related fields, such as technology, where innovative new companies can't realize their potential marketshare. Consequently, Canada has been unable to widely develop a growth environment for banking and information technology.

It is my firm belief that over time the tide of globalization will roll over restrictive regulation, and will expose many deficiencies in light of international competition. It will take the concerted effort of all constituent groups—regulators, traditional banks, and new entrants—to prevent erosion of free market forces.

What part can regulators play in ensuring that Canada's banking industry remains globally competitive? Regulators must be prepared to be flexible, to allow banks to adopt innovative business models and accommodate competition.

Regulators also need to modify their focus on track records, which can be tough for new entrants. I believe there are ways of substituting measures of soundness—as determined by internal controls and operational excellence—for track records, especially when they are backed by additional capital and the strong support of an international or institutional shareholder. Non-traditional banks are often part of a larger global financial network.

It's also important that regulators take into consideration the relative credit risks of traditional banks with diversified asset portfolios, compared to those like ING DIRECT with more restricted asset portfolios. Although the direct banking model involves a smaller number of asset classes, it also involves lower risks within those classes. Asking new entrants to look like existing ones is like asking an automobile to look like a horse and wagon.

We must continue to move toward co-ordination and synchronization of regulations across international borders, as with Sarbanes-Oxley on governance and Basel II on regulation. At the same time, we need to make sure that the consequences for all parties—shareholders, consumers, peripheral industries—are taken into account before international regulation is implemented. Rather than waiting for complete overhauls in the overall regulatory system, we need to move faster with simple revisions to continue to foster innovation, growth, and improve competitiveness. Free competition should be facilitated at any cost, as long as the viability and soundness of the industry are not threatened.

While global regulatory co-ordination might be beneficial, it's not clear whether regulation such as SOX and the Basel II capital adequacy standards will end up being entirely positive. For Canadian banks, Basel II could help by providing a meaningful reduction in capital requirements. On the other hand, Basel II may impose stricter capital requirements for banks engaged in riskier lending practices. It looks like the risk on balance is worth the cost on Basel II.

The Bank Act in Canada must be simplified. While a number of reforms have been incorporated, the Bank Act has steadily grown from 316 sections in 1984 to 991 sections as a result of changes in 2001. Similarly, the approvals required for new foreign bank entry into Canada are unduly complicated and need further streamlining. The act should allow for mergers between major Canadian banks or for the foreign takeover of a Canadian bank, to encourage more competition. It could be expanded to allow banks to offer all financial products. We should also lift the restriction on retail deposit-taking by foreign bank branches. As we think about regulation, the question we must constantly ask is, why not move ahead?

Furthermore, Canadian regulators can help Canadian banks be more innovative by increasing their capabilities in assessing risk, thus helping to reduce structural costs that banks can pass on to consumers. Corporate capital tax remains the most damaging form of taxation as it penalizes corporations that are growing by taxing the capital they hold, thus inhibiting capital growth and investment.

And let's not forget regulation that protects the consumer. With the increase in electronic commerce, we must have legislation around issues such as identity theft. During the one-year period from 2002 to 2003, total losses to individuals and businesses related to identity theft in the United States were estimated at approximately US$53 billion. In Canada, the losses for 2002 were estimated at approximately C$2.5 billion. While the PhoneBusters National Call Centre for reporting and helping identity theft victims in Canada is a welcome step, we need robust legislative framework to deter this crime. Since 1998, the U.S. federal government and nearly all states have adopted a number of measures to address identity theft. In Canada, there is no generalized offence called identity theft. I would urge a federal mandate to combat this serious crime that hurts consumers and destroys confidence in electronic commerce.

I would also urge a speedy review of the 2001 legislated Personal Information Protection and Electronic Documents Act (PIPEDA). We must harmonize the currently disparate exemptions for collection, use and disclosure of personal information without consent, and eliminate any ambiguity for banks and businesses.

We need to streamline Canada's various regulatory bodies and eliminate overlap, duplication, and inconsistency. I encourage the creation of a national regulator. The recent efforts to streamline CDIC and OSFI regulations and operations are a welcome start, but more needs to be done. I also support the CDIC lowering its risk premiums and increasing the limit on protection of savings. Yet if these productivity gains are to go to consumers, we need to increase competition.

Canadians are no strangers to successful innovation. Remember the "CanadArm" and the "Avro Arrow"? A more modern example is Cirque du Soleil. We certainly should be able to replicate this thinking in retail banking. As we have seen many times before in the U.S., Canadians buying their way into a new market will generally not ensure long-term success: rethinking and reshaping the business will.

The time has come for some revolutionary, not evolutionary thinking in retail banking. We cannot stop the winds of change. We must embrace consumer trends. We must adopt technology that improves the customer experience. We must deliver services that align with what customers want, and those they are willing to pay for. We must adopt a more flexible and open regulatory environment. When we do that, we will be able to hone the core competencies we need to meet free market forces and win on the global stage.

And let's open the door to new entrants, too. Let them take risks, be visionary and bold. Competition will only sharpen Canadian banks and increase choices for consumers. I look forward to seeing the next innovative model launch, like ING DIRECT, in Canada. Thank you.

The appreciation of the meeting was expressed by Kamal Hassan, Director, The South Asia Group Ltd. and Director, The Empire Club of Canada.

June 16, 2005

Tony Comper

President and CEO, BMO Financial Group

WHY WE MUST SPEAK OUT

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

Margaret M. Samuel, Chief Investment Officer and Portfolio Manager, Quadrexx Asset Management Inc. and Director, The Empire Club of Canada; Rahma Siad-Togane, Grade 12 Student, Westview Centennial Secondary School; Rabbi Baruch Frydman-Kohl, Senior Rabbi, Beth Tzedec Congregation; Rose Wolfe, Chancellor Emerita, University of Toronto; Joseph Rotman, OC, Founder, Clairvest Group Inc. and Chairman and CEO, Roy-L Capital Corporation; Elizabeth Comper, Co-Founder, FAST, (Fighting Anti-Semitism Together); The Hon. Ernie Eves, Founder and Honorary Chair, Justin Eves Foundation and Former Premier of Ontario; David L. Lindsay, President, Association of Colleges of Applied Arts and Technology of Ontario and Director, The Empire Club of Canada; Philip Orsino, Chairman of the Board, President and CEO, Masonite International Corporation; The Hon. Madam Justice Rosalie Silberman Abella, Judge, Supreme Court of Canada; and Robert Corteau, President and Managing Director, SAP Canada Inc.

Introduction by Bart Mindszenthy

Ladies and gentlemen, members and guests, dear friends of the Empire Club, just listen for a moment. Listen deep.

Listen to the sounds and actions of confusion and outrage and anger expressed daily and in so many ways across every part of our fragile planet.

From Christians and Muslims and Jews and Buddhists and yet other faiths to doubting agnostics and atheists in denial.

From people who live in our homeland, to people who live in neighbouring and in far-off lands.

Find and listen and judge fairly but surely the people whose values and politics exist in the range of the extreme right or the extreme left. People who are driven by a history of hate inherited and practised with misguided fervour. People led by passions induced from personal failures, or perhaps personal excesses to people searching for a fanatical cause to embrace in order to prove a level of self-worth. Or, sometimes, it's just a dose of ignorance and bravado.

And then there are those who simply want to find common ground and comfort. Find peace of mind and peace among us all.

The fact is that we come from so many pasts, and in so many shades and colours and flavours and sizes. And we all come with baggage. The baggage passed on through our parent's genes and teachings, our own cultures, what we discovered through our emergence into adulthood and the sum of our experiences then, since and now.

'Anti' something is what we too often inadvertently have implanted in the back of our minds and probably have hidden somewhere deep in the dark side of our hearts.

But now is a good time to clean our mental closets that contain biases we should banish, and sweep away the aging and hateful irrational barriers that still distort and prejudice our relationships. Barriers to fellowship and friendship always predicated with that 'anti'-something mindset. Anti-Semitism and anti a lot of other isms.

And I believe that we can do that. And we can do that with anyone and for everyone whom we want to assign to our column of acceptance and embracement in the big ledger we all have and constantly carry, listing the personal, private values of our lives.

And while I believe that, so clearly do Elizabeth and Tony Comper and their many friends and supporters.

Now I would like to call on a head table guest to more fully introduce our guest speaker today. Philip Orsino is the President and Chief Executive Officer of Masonite International Corporation and a Director of the Bank of Montreal. Mr. Orsino, please become part of Empire Club history.

Introduction by Philip Orsino

I will begin my introduction of Tony Comper by publicly thanking him and his wife Elizabeth for inviting me to become part of an organization they founded called FAST, which spells out into Fighting Anti-Semitism Together.

I am one of the non-Jewish business leaders they recruited to the cause, and who (I note) are out in force to hear what Tony will have to say today.

Knowing Tony as I do, as a BMO director and friend and peer, and having seen the depth of his feelings on fighting anti-Semitism as a non-Jew, I think we may well be treated to something, well, unexpected.

One promise I can make: he will have given what he does say an enormous amount of thought. That's the way he is.

Most people in this room know Tony Comper as President and Chief Executive Officer of BMO Financial Group.

Some also know he's a BMO careerist, beginning back in the sixties with summer teller jobs at the local branch in hometown Leaside, and winding through the leadership of many of the front-line and back-office businesses in the enterprise.

And a few will recall that way back in the early nineties, Tony took the unprecedented step of appointing a task force on the advancement of women and taking the lead in its implementation. What drove this initiative? The observation that while he and other capable men were rising up through the ranks, equally capable women were rarely getting anywhere.

It offended his business sense—what a waste of talent—but at least as much and probably more it offended his sense of justice—the same, undiminished sense of justice that led to the founding of FAST and brought us together this afternoon.

It is a quality that helped get him invited onto the board of Catalyst, the international organization devoted to helping women succeed in business, and led in no small part to the Award of Merit bestowed by B'nai Brith in 2003.

One thing Tony talked about on that occasion, interestingly enough, was how impressed he had been as a young man in the 1960s by the leading role taken by the U.S. wing of B'nai Brith in the sometimes dangerous battle for voting rights of African-Americans.

He saw one group of people with nothing to gain standing up and speaking out side-by-side with another. As he said back then and as he's about to demonstrate, it was also an experience that would help to shape his life.

Won't you please help me welcome Tony Comper.

Tony Comper

Thank you very much, Phil, and a special thanks to the Empire Club for giving me this singular opportunity to promote (and recruit for) a new, pointedly non-Jewish offensive against anti-Semitism. Good afternoon and thank you for coming.

I am here today because, in 2004, in what we are proud and prone to describe as "the most cosmopolitan nation on earth," reported incidents of anti-Semitism rose—or descended—to an all-time record of 857 for the year. And because it is time for Canadians of good will to stand up and cry: Enough!

I am here because I also perceive what Justice Minister Irwin Cotler perceived when he was still teaching at McGill University that there is a virulent new kind of anti-Jewishness now infecting the planet, one "without parallel or precedent since the end of the Second World War."

I am here because thoughtful and well-informed people are now forewarning of a "second Holocaust," this time nuclear, set (of course) in the Middle East, and in the not-so-distant future.

I am here because I am energized by a single sentence in a recent book titled, forebodingly, "Those Who Forget the Past: The Question of Anti-Semitism"—"If anti-Semitism is to vanish from the earth, it will be from the transformation of non-Jewish rather than Jewish peoples."

I am here because my wife Elizabeth and I believe that in the end, this is a crisis that must be resolved by non-Jews.

That is why we founded FAST, short for Fighting Anti-Semitism Together, as one way of crying: Enough! And why we recruited an all-star cast of non-Jewish Canadian business leaders like Phil Orsino to the cause, and why I'll be saying what I'll be saying in the next 15 minutes or so in great hopes of persuading the still not persuaded.

Before I truly launch in, however, I would like to recognize and thank those business leaders who so readily signed on with FAST, and who put their names and their companies' names to the ad introducing FAST in mid-May.

Some of them, I'm delighted to see, have been able to join us for lunch today, while others have demonstrated their resolve and solidarity by purchasing corporate tables. The ad, they can tell you as well as I, has touched an amazing number of people, Jewish and non-Jewish alike, and generated an outpouring of heartfelt support.

I also want to answer something that all of us are getting asked about FAST, which is why we have chosen to focus on one specific manifestation of intolerance when tragically there are so many others crying and vying for our attention.

While my remarks today are purely my own—Elizabeth would tackle the issue in her own distinctive voice, as would all other FAST supporters—I know I speak for the whole group when I say that we deplore intolerance in any and all of its manifestations, but also realize that the more well-defined and focused the target, the better the chances of having an impact.

We encourage all those who feel strongly to start up a version of FAST on their own, which, if asked, we will help along in whatever ways we can.

Meanwhile, I will get on with the story of how FAST came to be, and lay out, as best I can, the reasons why non-Jews must join the battle against what has been described, sadly but accurately, as the oldest and longest of hatreds.

FAST in its earliest efforts addresses itself to the young, in the form of a vow that if we can help it, not one more generation of Jewish children will grow up in fear of the people around them.

Elizabeth and I have been profoundly influenced by stories we've heard over the years from contemporary and older Jewish friends and colleagues, and the childhood fears they knew in the face and wake of the Holocaust even here in pre-cosmopolitan Toronto, where being Jewish was reason enough to get beaten up on the way to and back from school, along with torrents of verbal abuse that would make a psychopath cringe.

The other reason for an accent on the young is that if indeed we are to make anti-Semitism "vanish from the earth," this seems like the place to start, reaching out with truth and reason to young, still-interpreting minds.

Thanks to the generosity of the supporters FAST has attracted thus far, our first educational project is a curriculum-based learning program called "Choose Your Voice," which FAST is developing in close partnership with the Canadian Jewish Congress, Ontario Region, for use initially in Ontario schools. The DVD and learning guides address anti-Semitism in the broader context of bigotry, of which it almost surely provides history's most ancient example. Watch for the launch of "Choose Your Voice" this fall.

We realize that this initiative—and for that matter, any others that FAST may undertake—is unlikely to touch the hearts and minds of the real hard-core crowd, the ones who most likely learned their hatred at the parental knee.

But it could serve to further marginalize them, which sometimes is the best you can do when dealing with bullies and bigots.

How so?

First, by stripping them of their potential power base, the people who really don't know any better; and who, for whatever reasons, haven't sought out the truth for themselves.

Second, by going one step further and helping to encourage active opposition to the Jew-haters and racists and assorted other bigots and bullies the moment they start telling their despicable lies or making their ugly, pathetic "jokes." We believe if the truth can make us free, it should also make us bold.

For a really good recent example of boldness in the face of vicious anti-Semitism, we can also look to the young—no further, in fact, than those four Grade 10 girls at Branksome Hall who stood up and were counted against a new anti-Jewish Web site set up this spring, incredibly, by boys at another local private school.

The girls could have rationalized their discovery away, pretended it never happened or left it for unidentified others to deal with—human history, as we know, is waist-deep in willful ignoring—but instead they went directly to the authorities, notably their principal.

What she did was also exemplary, as were the actions taken by the principal of the boys' school after she brought this awful matter to his attention.

His response was swift, unequivocal and just: three were expelled and four more were suspended—the latter (as I understand it) for knowing what was going on but standing by and doing nothing.

Also on the positive side, both schools smartly turned the crisis into a major learning opportunity (for which it was sadly so perfectly suited), a pulling-out-all-the-stops effort which might include using "Choose Your Voice" in at least one of the schools next year.

Those of you who followed this story as it unfolded could not help but be further disturbed, I'm sure, to learn that one of the expelled boys was himself Jewish.

What are we to make of this? Nothing. Nothing beyond the simple sad fact of the utter relentlessness of anti-Semitism, and its uncanny (to me) ability to infect what, by all the odds, would be the most unlikely of souls.

How can it be that even now, in the 21st century, and in the face of repudiation by Pope John XXIII, Pope John Paul II and most of the world's other Christian leaders, there are still those who think "the Jews" should be punished for all eternity for the crucifixion?

How can it be that even now there are still people who believe in a Jewish plot to seize control of the world as spelled out in “The Protocols of the Elders of Zion,” a 19th-century Russian forgery so blatant even a happy persecutor like Stalin stopped believing it?

How can it be that even now, despite evidence that gives new meaning to the word overwhelming, there are still people who refuse to acknowledge even the reality of the Holocaust, much less any lesson it might have to teach? (And oh, by the way, did you hear the one about how the Jews started the war?)

How can it be that in a country like ours, at an enlightened time like this, there are still people so irrational about Jews and Judaism, and so unswerving in their hatred, they would not shed a tear and might even cheer if another Holocaust came along?

These questions are not rhetorical, certainly not for me. I remain genuinely mystified that history’s “oldest” and/or “longest” hatred is still so robustly with us. It is a feeling apparently shared by the editor of the previously mentioned book, “Those Who Forget the Past.”

“After nearly two decades of reading the literature of anti-Semitism—both the thing itself and the analysis of the thing itself—I have yet to find a satisfactory explanation for its persistence,” Ron Rosenbaum writes in his introduction.

Then, after running through and mulling over the standard theories, including payback for the crucifixion, he makes what he himself describes as something that “might sound at first like a radical suggestion—[that] it doesn’t matter anymore…

At this point anti-Semitism has become embedded in history,” he says, “or in sub-history, the subterranean history and mythology of hatred [and] it will always be there, a template for whatever hurts need to find an easy answer, a simple-minded balm: the Jews are responsible.

The explanation for renewed anti-Semitism is anti-Semitism: its ineradicable pre-existing history and its efficiency. It has become its own origin.”

Carrying on with this line of thinking, it follows that the modern anti-Semite can happily hate Jews for no special reason at all, and then make the leap to words and deeds at just about any pretext.

Looking back on what made 2004 such a year of infamy, one can't help but note that the first big spike came in March, following the initial release of Mel Gibson's controversial crucifixion movie.

On the other hand, anti-Semitic incidents had already been on the rise in Canada and elsewhere for four straight years, dating back to the first great spike of the 21st century, the one that shot up, incredibly, in the wake of the 9/11 attack on the World Trade Center.

In this big lie, worthy of Nazi propaganda minister Joseph Goebbels himself, the World Trade Center atrocity was a "Jewish-perpetrated plot," engineered by "the Elders of Zion" as evidenced in part by the "fact" that "no Jews (or Israelis) died" in the collapse of the twin towers because they had been forewarned (all 4,000 of them) to stay home that morning.

Despite the patent falseness and naked absurdity of such a proposition, this Big Lie spread like the Reichstag Fire, instantly and all across the Internet. As Hitler wrote in "Mein Kampf," the greater the lie the greater the chance of it being believed; and this one has not been an exception.

If you haven't heard this story before, you can be forgiven. In the circles most of us move in, anti-Semitism wears a more sophisticated face. We don't tend to hear a lot of the more pathologically crazy talk any more than we tend to rub shoulders with the fire-bombers and tombstone-topplers and cowards with spray-cans at three in the morning.

Anti-Semites you and I are likely to encounter get their licks in at Jews by ever so eruditely trashing Israel. Or if they're especially deep thinkers, trashing Israeli policy and behaviour.

Now it is obviously not true that everyone who criticizes the policies of the State of Israel is *de facto* an anti-Semite.

Indeed, as the renowned Alan Dershowitz points out in his book, “The Case for Israel,” “the harshest substantive critics” of the Israeli government are Israelis themselves, “inside and outside the government—and sometimes even in the Cabinet.” (He also includes himself on more than one occasion.)

Nor has any honest critic ever been labeled an anti-Semite, not in his experience or mine or anybody else’s that I know.

As Thomas Friedman of The New York Times has written, “Criticizing Israel is not anti-Semitic and saying so is vile.” But, he goes on, “Singling out Israel for opprobrium and international sanction—out of all proportion to any other party in the Middle East—is anti-Semitic and not saying so would be dishonest.”

And that’s the point I’m getting to—the point where anti-Semitism becomes a non-Jewish problem. I don’t have any formula answers for keeping this sub-type of bigot at bay, but how’s this:

When today’s “sophisticated” anti-Semite says, “But really, aren’t the Israelis doing to the Arabs (or maybe Palestinians) the same thing Hitler did to the Jews?” you could answer: “No. And if you had paid even the slightest bit of attention in your 20th-century history classes, you would realize how uninformed and cruel what you just said makes you sound.”

Or you betray an ignorance so exceptional it could almost be deliberate.

It’s also okay to sharply turn heel and quickly walk away; that message is pretty clear, too. But as I guess we signaled pretty loudly with the creation of FAST, the time is past for smiling politely and letting the bigot “have his opinion.”

Let me also be clear that if I ever got word of people like this poisoning the atmosphere in my organization, I would not be restrained in my reaction—just as I would not be restrained in my reaction to any other expressions of bigotry and hatred.

We must not confuse these often-practiced rants with idle talk. These are not just words, but encouragement to those who would take things further. What gets said and what gets believed matters more urgently now than ever.

Although hopes for an Israeli-Palestinian truce are higher than they've been in many years, the stage for a war of attrition in the Middle East is just as set and scary as it ever was.

Maybe scarier. There's a scenario floating around these days, authored by a former Iranian defence minister. It promotes the idea of a nuclear war in which the Arab world would take 15 million casualties as an acceptable tradeoff for five million Israelis, i.e. them all.

Farfetched? Perhaps and let's hope so. But when it comes to anti-Semitism, whether you look back 60 years, 600 or 6,000, things that once seemed far-fetched—Kristallnacht, for example, or Auschwitz—have suddenly, brutally turned very real.

Few people have been more aware of this than Professor and Rabbi Emil Fackenheim, the internationally celebrated philosopher and Holocaust scholar who taught and wrote at—and graced—University of Toronto from 1948 through 1984.

In fact he watched the horror develop right in front of him, as a child, university student, seminarian and, briefly, one of the very last rabbis ordained in pre-war Berlin. He was arrested on Kristallnacht, November 9, 1938, and spent three months in a concentration camp.

He fled to England in the summer of 1939 only to be arrested—irony of ironies—as an "enemy alien" when, weeks later, England and Germany went to war.

This got him shipped off to Canada, where he attended, then joined the faculty at U of T as well as (early on) serving as rabbi for a congregation in Hamilton. In the meantime an older brother died in the Holocaust.

Among the many memorable things Dr. Fackenheim spoke of and/or published in his 87 active and productive years is his coining, in 1970, of the now-oft-referred-to expression, "the 614th Commandment." As he explains in an essay titled "Faith in God and Man after Auschwitz"—"...In Jewish tradition there are 613 commandments, sufficient for all situations future as well as past. But the tradition could not anticipate Hitler: the Holocaust was unpredictable, even for [oral Torah]."

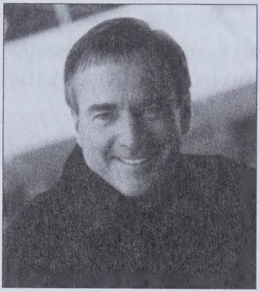
This must not be seen, he goes on to say, as just another "case-among-others of racism-in-general" but as something unique, even for Jews and their almost seamless history of persecution. The sin was not "Jewish behaviour" this time; the sin was Jewishness itself.

So what is this extra commandment that Dr. Fackenheim believes Jews should also live by? "Let me restate the 614th Commandment," he writes in one of his last essays, "that Jews are forbidden to give Hitler posthumous victories."

I am here today because I believe that this should not be a lonely battle—as it has so often been, for so many, for so long. And because I believe that this 614th Commandment is something we all should be living by.

Thank you for your kind attention. I hope some of you will join us in the cause.

The appreciation of the meeting was expressed by David L. Lindsay, President, Association of Colleges of Applied Arts and Technology of Ontario and Director, The Empire Club of Canada.



June 23, 2005

A joint meeting of The Empire Club of Canada and The Royal Commonwealth Society

Daniel Lamarre

President and COO, Cirque Du Soleil

CIRQUE DU SOLEIL AS CANADIAN AMBASSADORS

Chairman: **Bart J. Mindszenthy**
President, The Empire Club of Canada

Head Table Guests

William (Bill) Sinclair, Council Member, The Royal Commonwealth Society Essay Contest Adjudicator; Annelies McConnachie-Howarth, Grade 12 Student, North Toronto Collegiate Institute; Rev. Canon Kimberley Beard, Senior Pastor, St. Paul's On-the-Hill Anglican Church and Director, The Empire Club of Canada; James D.M. Stewart, Canadian and World Studies Department, Bishop Strachan School and Great Grandfather Founding Member of The Empire Club of Canada; Michael Khan, Grade 12 Student, Applewood Heights Secondary School and Winner of Class A Essay Competition; Douglas Grant, President, United Empire Loyalists Association of Canada; Paul Altherr, COO, Art Gallery of Ontario; Edward (Ed) Badovinac, Director, The Empire Club of Canada, Chairman of The Empire Club Year Book and Member, Royal Commonwealth Society; MGen. Bruce J. Legge, Founder, The Royal Commonwealth Society and Past President, The Empire Club of Canada; Jo-Ann McArthur, President, Molson Sports and Entertainment and Director, The Empire Club of Canada; John Jenner, Vice-President, Marketing and Sponsorships, CIBC; and Michael Frederiksen, Chairman, Royal Commonwealth Society—Toronto.

Introduction by Bart Mindszenthy

Ladies and gentlemen, the dictionary tells us that "magic" is defined as "conjuring tricks and illusions that make apparently impossible things seem to happen, usually performed as entertainment."

Now, on a cynical level you might interpret that as a definition of how some practise the art of politics. But you might also elect to think about an amazing Canadian phenomenon called the Cirque du Soleil. And you might choose to use the word "magical" defined as "so beautiful or pleasing as to seem supernaturally created."

Well, I've yet to meet anyone who's ever been to a Cirque du Soleil event who wouldn't consider it magical. And spellbinding. And creative.

And it seems especially appropriate that at this, our annual Canada Day lunch, we have to address us the President and Chief Operating Officer of Cirque du Soleil.

He represents a Quebec-based creative force that's got a global impact—a Canadian expression of creativity that from its most humble beginnings steadily gained courage, confidence, momentum, and respect.

In fact, Daniel Lamarre himself is an example of personal creativity harnessed and applied.

With grounding in journalism and public relations, Mister Lamarre for more than a dozen years was a senior executive at National Public Relations, latterly as President. In fact, I first met him in the mid-1980s there, while National started its strong march to becoming Canada's only domestic national public relations firm of note.

He then became President and CEO of TVA Group, Quebec's largest private television broadcaster, and served on several prestigious boards.

And then in January 2001, he, as it were, grabbed the brass ring, and soaring to new heights, joined what has to be one of the most amazing, living, ever-changing Canadian exports ever conceived.

Ladies and gentlemen, please join me in welcoming to the podium of the Empire Club of Canada, the President and Chief Operating Officer of Cirque du Soleil, Daniel Lamarre.

Daniel Lamarre

Video shown.

Mr. Chairman, ladies and gentlemen, it is really a privilege for me to be with you today to celebrate Canada Day, because I really think that one of the reasons for the success of Cirque du Soleil so far is because we're Canadian and as Canadian, and I cannot underline this too much, we have 42 nationalities working at Cirque du Soleil. And why is that? Because Canada is a country where people like to come, like to visit us, like to stay with us and love to share our values. And we're blessed. We're blessed and that's why I feel blessed today to have the privilege of having the very tough task of presenting to you our organization.

When I signed the Empire Club book before coming into this room, I was touched, because there were some amazing names signed before me in that book. And frankly, who am I? Because my title says COO, I would strongly recommend that we change my title to COC, which is chief of clowns. And I'm very proud of that.

Every time I watch this video it impresses me, because maybe you did not notice but one of the guys at the beginning of the video was Guy Laliberté. He was the one who created Cirque du Soleil. I'll never forget my first day at the job when I came back and told my kids that my bus was spitting fire. My daughter said: "Good luck Dad."

What did I learn from Guy Laliberté? I have to be very modest. I come from your world. I come from the corporate world and when I joined Cirque du Soleil I didn't know what to expect and for your information the name of Guy, the founder, Laliberté, if I were to translate it, means freedom. And no one represents freedom more than our founder. He's the one who never wanted to compromise about creativity. So I'm learning from the university of Mr. Freedom. And that's a joy, really it's a joy.

So let me tell you the story. Guy Laliberté didn't have a master plan. When he left home at the age of 14, he just wanted to see the world and have some fun. Fun is part of our organization. If there is no fun, there is no creativity. If there is no creativity, there is no show.

So his first break after working with a bunch of hippies in a small village was to have a mandate from the Quebec government to celebrate the 450th anniversary of the arrival of Jacques Cartier in the new world. Laliberté pitched to them the idea of founding a street performance festival. The rest of it is history. It was an amazing successful show.

For two years, Guy was struggling with his organization because unfortunately, as we all know, the weather in Canada doesn't allow us to play in a tent 12 months a year. So after two years of struggling, he organized a meeting with all of his artists and he said: "Guys, this is not going to work here. We need to go abroad. I'm bringing the big tent to Los Angeles and if it works we're in business. And if it doesn't work we will just forget it."

The artists looked at him and said: "You know Guy, we're willing. We are really willing to follow you and go to Los Angeles with you. But what's going to happen if it doesn't work? How are we going to get back to Montreal?"

And Guy said: "Simple. I will sell the big top and with the money I will gather I will pay you your airplane tickets and you'll come back."

So they went to Los Angeles and they were there for three weeks to rehearse prior to the opening and Guy was nowhere to be seen. Guy was travelling in all the nightclubs there were in Los Angeles. He was partying with all the big stars from Hollywood. And he was inviting them to come to the première. So on the première night everybody couldn't understand why all the big names of Hollywood were there—Tom Cruise and Spielberg and others. They were coming to meet their new buddy Guy who they had been partying with. And after that it became the talk of the town. Everybody in Los Angeles wanted to see Cirque du Soleil because it was the new big thing.

Since then we have been growing at a very rapid pace. We now have six touring shows, we have four permanent shows in Vegas and will open a fifth one in Vegas next June, we have a permanent show in Orlando, I just signed a deal for a permanent show in Tokyo and we're blessed. We're really, really lucky.

The reason why we are where we are—and every time I meet financial analysts who are bankers they always question me about the business model—is the business model works in the reverse way than normal. The business model is creation drives the organization.

I have the privilege to have with me today the Executive Vice-President of Creation. She is the important one in our organization and having been with Cirque du Soleil for a full year now she understands exactly how exciting it is to work for our organization.

So imagine 10 years ago when Michael Eisner came to Guy Laliberté and said: "You know I would like to have Cirque du Soleil," and Guy Laliberté said: "I want to have creative control."

Eisner said: "I have never done that."

And Guy said: "You have no choice."

So we have this famous sentence in our corporate video when Eisner says: "If I would've had the choice, I would have bought Cirque du Soleil. If I had been able to recreate Cirque du Soleil shows I would have done so. But because I couldn't buy them and I cannot duplicate what they are doing I had no choice but to give creative control to Cirque du Soleil."

That's our philosophy. We always like to push the boundaries. Right now do we feel comfortable? Not at all. There is no comfort zone. We are trying to push the envelope all the time and in order to illustrate that to you I would like to give you the scoop today and a preview of our new show that is going to start in Toronto on August 4, so let's have some images of our new show.

Video shown.

So Cirque du Soleil over the years has become an international incubator. An international laboratory of creation. The Americans don't understand yet why this laboratory is based in Canada, because from their perspective it should be located in Los Angeles where all the business is happening. The main reason why it's in our country is because it is much easier for us to host people coming from all over the world, because they know that they will be well treated here and most importantly, that they are going to be respected for what they do. So that's what is happening in Montreal. People coming from different nationalities having no choice but to work together.

My biggest pleasure is to see in one room a Canadian working with a Japanese, working with a Brit, working with an American and we lock the door and we say: "Do a show together." And that's what we are all about. That's why our shows are international. It is not artificial. It's people from different cultures working together, making sure that the final show that they put together will live forever.

A touring show of Cirque du Soleil will tour for five years in North America, four years in Europe, one year in Japan, one year in Australia, two to five years in Asia-Pacific, one year in Mexico, and one additional year now in South America. I guess that's why I'm here today because we are your ambassadors. We love to travel the world and tell people about who we are. We're truly, truly Canadian. We're French-Canadian speaking, working with 42 different nationalities. We're creative people who want to push the boundaries of creativity all the time. It is a tough call for a business guy like me to say all the time that we should accept creativity to drive the show.

I had the amazing thrill two days ago to sign a contract with the Beatles. We will have a Beatle show in Las Vegas starting next week and I feel so honoured to see my name side by side with the Beatles for a partnership—a 50-percent partnership with the Beatles—not only to produce that show in Vegas but to bring in a lot of different initiatives. They had refused all other entertainment organizations for the last 25 years to do anything with their brand. And now they have selected a bunch of street performers to carry the brand of the Beatles.

As you can see, I could talk to you forever about my passion for Cirque du Soleil, but in all respect for you important people I would just like to summarize very briefly in saying one of the main reasons for our success has nothing to do with what I have just said.

The main reason for our success is Guy has decided that 1 per cent of our revenues, not of our profits, will go back to social responsibility programs. We have a program where we are helping kids, youth at risk, from the street. We help them to come back in their life. So imagine the image: a bunch of street performers 21 years ago are now back in the street helping kids at risk.

The second reason why we are successful is at the end of the year I meet all the employees around the world. I travel and meet each of them to report back to them and share profit with them.

The third reason for our success is we reinvest most of our profit in new initiatives doing a lot of research and development.

I didn't read in any management book about those rules. When I saw the people from Harvard wanting to do a business case about us I didn't know what to say. We are only a bunch of clowns who are doing what they love to do—entertaining people. And I reminded them that in the word "show-business," show comes first.

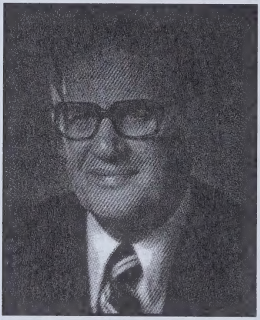
Thank you.

The appreciation of the meeting was expressed by Michael Frederiksen, Chairman, Royal Commonwealth Society—Toronto.

In Memoriam

Sir Arthur Ralph Talbot Chetwynd, Bt., 8th Baronet of Brocton Hall, Staffordshire

Passed away on July 11, 2004



Sir Arthur Chetwynd, Bt., 8th Baronet of Brockton Hall, Staffordshire, was born on October 28, 1913, in Walhachin, British Columbia. His family goes back to the Domesday Book, the great property survey of 1086. He grew up in B.C., engaged in ranching, teaching and rehabilitation work. During WWII, he served in the RCAF as Chief Instructor, Medical Reconditioning. His interest in athletics and rehabilitation led to various roles in medical gymnastics in B.C., teaching in the physical education department of the University of Toronto, serving as field supervisor for the Canadian Red Cross swimming and water safety programs and making football coaching films. In 1950, he founded Chetwynd Films Ltd., specializing in the production of educational instructional sports, travel and medical films for screen and television which earned many national and international awards.

Sir Arthur served actively in such organizations as the Empire Club of Canada, the Royal Commonwealth Society, serving as National Board Chairman, the Monarchist League of Canada, various West Indian organizations and church, social and business groups. From 1974 to 1975, he was President of the Empire Club bringing in such speakers as Ian Macdonald, President, York University, "Canada's Economy—Can We Advance Back to Reason?", Alan Williams, Member of the British Labour Party, "Europe, NATO and North America and their Future Relationships" and Dr. Bette Stephenson, President, Canadian Medical Association, "The Doctor's Dilemma—Circa 1975."

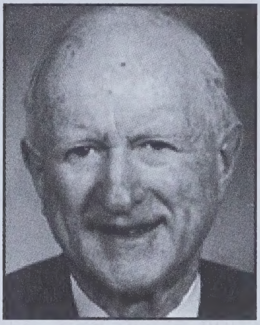
Throughout his long life of active service, Sir Arthur was the recipient of many awards including the Queen's Silver and Golden Jubilee Medals, Order of Barbados Silver Crown of Merit (1984), Freedom City of London (1989), Honorary Life Member of the Canadian Film and Television Production Association, and Life Member of the Society of Motion Pictures and Television Engineers.

Edward Paul Badovinac, CET, KH, OLJ, MMLJ,
Director and Chairman,
The Empire Club of Canada Yearbook

In Memoriam

Russell Roy Merifield, QC

Passed away on January 26, 2005



Graduate of McGill University, BA (1938) and BCL (1941), where he was President of the Student Society, played on the 1938 championship rugby team and was inducted into the McGill University football hall of fame some years later. He served in the Royal Canadian Navy during WWII, as Lieutenant, RCNVR. He initially practised private law in Montreal, then worked at Shawinigan Water and Power Company. He was Vice-President and Secretary of the Royal Trust Company of Canada. In 1967, he moved to Toronto and served as Vice-President and General Manager of Victoria and Grey Trust Company until his retirement. He later spent many years serving as the Secretary/Treasurer of the Canadian Club (Toronto) and was a loyal stalwart member of the Empire Club of Canada. He devoted many selfless hours to both clubs and believed that on special occasions (joint meetings) that both clubs could and did work well together. He was an active member of the Glenview Presbyterian Church and the Presbyterian Church of Canada (as Elder, Treasurer, member of the Building Society and Director of the Canadian Bible Society) and the Chartered Institute of Secretaries, a teacher of corporate law and a Governor of Sir George Williams University. He was the author of several books, including "Canadian Secretarial Practice," "From Country Trust to National Trust" (a history of the National Trust Company), a history of the Canadian Club, and co-authored with Mary Byers "Who Said That?" (a compilation of the Empire Club sayings from the speeches of the first 100 years). This book is given out to the speakers at the Empire Club every week. He received a great deal of encouragement from Edward Badovinac, family and friends to initiate this work. A member of the Donalda Club (Toronto) and the Hermitage Club (Magog, Quebec), he was also a musician and long-time volunteer pianist for the veterans at Sunnybrook Hospital.

Edward Paul Badovinac, CET, KH, OLJ, MMLJ,
Director and Chairman,
The Empire Club of Canada Yearbook

Bart J. Mindszenthy, APR, Fellow CPRS

Good-bye and thanks for a great experience.

ANNUAL GENERAL MEETING
President's Report

June 23, 2005

Chairman
Bart J. Mindszenthy, President

Bart J. Mindszenthy

Honorary Officers and Directors, Past Presidents, Officers and Directors, Members of the Empire Club of Canada:

Thank you for attending our annual meeting. And I would like to thank the many of you who helped make this past year a most memorable one for our club, for our members and guests, our speakers, and certainly for me.

But first, let me do the obligatory reporting of facts, status and achievements of the past year.

Membership

Total membership for the 2004–05 year was 1,160. We have hovered around the 1,100–1,200 level for some time, so we are replacing members as we lose them, but we're not making any huge inroad in attracting new members.

Meetings and Attendance

We had 38 lunch meetings of the Empire Club during the 2004–05 year, attracting 9,434 members and guests.

That means we averaged 255 people per lunch event.

Sponsorships

We very much value Bell Canada's and SAP Canada's interest and support.

And we know there are more sponsorship possibilities we can offer, including the head table reception.

Plus, this year we asked Canadian Tire to donate $25 gift cards that we gave away as guest prizes at non-Premier Series lunches (Bell provided phones as guest prizes at these lunches). Canadian Tire provided us with 25 gift cards we used throughout the season. We owe Canadian Tire a sincere thank you for being supportive and hope it will continue the practice next year.

Strategy Task Force

Task Force Chair Lou Natale continues to drive this important initiative that is examining what we are, how we do what we do, and then defining what we should be and how to get there. The process began last summer, and while we'd hoped to have it completed by this annual meeting, we probably are still half a year or more away from a final report and recommendation. But then, it's best to move thoughtfully and with care on something so important.

Bylaw Revisions and Updates

Heather Devine continues to lead this complex and demanding task, with the support of Bill Whiteacre and Bill Whittaker; being all lawyers, they no doubt may never agree to agree. The club's organizational bylaw was last amended in 1972, and while there have been piecemeal amendments since then to deal with specific issues, the committee is reviewing the bylaw in detail. That means we may still be some time away from a definitive outline of needed revisions and additions so that our constitution is truly up to date.

Public Relations Team

Three people were truly wonderful for their help and support in the area of public relations. Director Diana Conconi gave selflessly of her time and skill, and two club members, Stephen Hewitt at National Public Relations and Brad Dugard at the Ontario Chamber of Commerce, were keen to assist whenever asked to pitch in.

I think the way Diana Conconi and Stephen Hewitt strategized and generated media interest in and coverage of nine-year old Hannah Taylor's appearance at the Empire Club is the best case in point. Not only did Hannah Taylor earn the recognition she so well deserved, but the Empire Club of Canada was front and centre in a massive amount of local and national radio, television and print coverage.

Head Table Reception, Guest Relations

I must sincerely thank Jocelyn Badovinac for serving as our historian and compiling with care copies of the many media reports on our lunches this season, and for her help in the head table reception room. Special thanks also to Ed Badovinac for his loyal help, and a brotherly hug of appreciation to Sandy Cameron for being Sandy Cameron. Of course, Bill Duncan keeps prancing around the main doors at the lunches, chasing women and in general being a totally precocious 90-year-old—and we can't do without him.

Speakers

While we had 38 formal lunches, we in fact had 46 luncheon speakers. They ranged from 12 of our premiers and the Prime Minister as part of the Premier's Speak series sponsored by Bell Canada to the purely moving, entertaining and boldly personal journey of Dr. Ron Taylor's amazing career. From bank presidents reflecting on current issues and challenges that reached well beyond banking alone to the amazing dissection and interpretation of the common ground and the rocky ground among our Aboriginal peoples and those of us who came to Canada from somewhere else, delivered by the ever-articulate and passionate Roberta Jamieson.

And from today's Daniel Lamarre to Peter Munk's articulate, firm and passionate discourse on globalization to the inspiring and self-depreciating and heartfelt honest look at his world and life by our wonderful Lieutenant-Governor, we've been graced with speakers who brought us ideas, challenges, humour, insight, experiences, and in all cases, hope that there is good cause for hope.

Initiatives

So we had a great mix of speakers.

We also had a great mix of extended and new initiatives that have strengthened our club and made us better and more successful.

Let me give you some highlights.

- **Webcasting our luncheons**. Thanks totally to Director Lou Natele's drive and persistence, we believe we are the only speakers' club in the world to be webcasting all our luncheon meetings. He got Nortel Networks and Rogers Television to donate the skills, goods and services to get us up and running. Our goal now is to generate interest in the Empire Club and the webcasts across Canada and among Canadians living abroad so that they will start watching our meetings on the Web. Then, if we can build awareness and interest over the next year or two, we can create a Web-based membership for the Empire Club. My personal dream is to have 2,000 Web members willing to pay $50 per season to watch our luncheons. And that's why we need all the more public relations planning and work in the coming year.

- **Empire Club Relationships**. Incoming President Bill Whitaker and I are examining what our relationships might, could or should be with other organizations sharing a common interest. We are getting great input from the executive and the Board and others. But what we'll need to define and determine is what kind of relationships do we want to have with what kind of organizations that offer the best speakers in the best venues at the best prices. We've always had a special relationship with the Canadian Club of Toronto, based on unwritten ground rules practised in a personable, mutually respecting way. I'm not sure that reflects what seems to be a new and yet undefined norm we'll have to understand and deal with over the course of time. Meanwhile, we have had a good experience in a first-ever joint lunch with the Toronto Board of Trade, and we have an agreement of mutual support and posting of meeting notices with the Royal Canadian Military Institute.
- **Monthly E-mail Updates**. Every month the past season, I've e-mailed updates to all Honorary Officers and Directors, and Officers and Directors and Past Presidents, in order to ensure everyone was up to date with unfolding events, challenges and successes. Clearly this is a technology that works for an organization like the Empire Club, and so I am pleased that Bill Whittaker will continue the practice, as will, I trust, future presidents.

- **Walk About**. Something that always gnawed at me was that we had a head table reception and then marched in, and had lunch and then the speaker spoke and then we thanked all for being part of the program, and then we all went home. That's why I wanted to take some time between the salad and the main course to just walk around and welcome and thank people for coming to an Empire Club event. From the first rather intimidating time to what today was the last time, it's been an invigorating and wonderful experience. I now recognize a lot of people who are regulars. I kid and chide a lot of people about why they attend. I challenge a lot of people to join—and Debbie Testa says it works, that we get more new applications. Bottom line, I think we're respecting our members and guests by giving them some special personal time and attention.
- **Closed Events**. I tried to do more, but only managed to really do one formal closed event, with Ken Georgetti, President of the Canadian Labour Congress. It was a strong success. We wanted to get one more in before the end of the season, but we simply ran out of runway. So we're planning for a session at the first Board meeting in the fall, which we hope will feature Toronto's new Chief of Police, Bill Blair. Then we are looking at another for September 14, with the former Prime Minister of Hungary. In all these sessions, the intent is to restrict access to Honorary Officers and Directors, Officers and Directors, Past Presidents, and one or two of their guests. The idea is to have the speaker spend just a few minutes outlining issues and challenges and then engage in a spirited question-and -answer period. This is a very different experience for all involved, but very refreshing and valuable.

- **Wine-and-Nibbles Fundraiser for the Foundation**. Last month, our final Board meeting was followed with a wine-and-nibbles event that featured a silent auction as a fundraiser for the Empire Club Foundation. More importantly, the event served as a means for all Directors and Past Presidents of the Empire Club, and in many cases their spouses, friends and others, to spend some time getting to know each other on a personal level. The feedback has been fantastic and the goal is to repeat the event next year. We also developed and presented special plaques of appreciation for those who the past year offered exceptional support and service to the club.
- **Certificates of Appreciation**. Building on Ed Badovinac's wonderful idea and his initial certificates, we have, thanks to Director Diana Conconi and her firm, redesigned certificates of appreciation for speakers and head table sponsors (these two are laminated on a wooden plaque) and head table guests (these are mailed with covering letters). So we've leveraged Ed Badovinac's original idea into what is now a more sophisticated system that is getting us a lot of return feedback of appreciation.
- **Gratis Research**. And I must thank retiring Director John Wright for donating $10,000 in research that allowed us to launch the Premier's Speak series with a valuable news release summarizing the views of Canadians on what major issues they think premiers will face in the next decade.

So, as you can see, we've taken a lot of baby and giant steps this past year, and the net result is that we are a stronger, more successful, more recognized, and more respected speakers' club.

Finance

Now, I have to talk about finance. Frankly, I don't have a lot to tell you other than that we've had a very profitable year for sponsorships. However, that all just goes to help offset the spiraling costs of running a major speakers' club, and a speakers' club that excels in all it does.

Meanwhile, we know that we'll have to raise luncheon ticket prices effective the new season in September. It's not our choice. We wish we didn't have to do that. But the cold, stark fact is that we do. Specific prices will be announced in your first mailing and e-mail notice for the fall season.

The Empire Club Foundation

The Foundation has been an exceptional bastion of stability and rock of consistency. Its leaders over the years have been solid and sound in their guidance and counsel. Foundation Chair David Edmison has been a pillar of power whose values have been true and firm and for that we owe him a huge debt of gratitude and a warm round of applause.

In Memoriam

Regretfully, two close friends of the Empire Club died this past season, and their wit and dedication will be missed. Sir Arthur Chetwynd was President of the club during the 1974–75 season and Russ Merifield was a long-standing supporter of the club and author of "Who Said That?"—Memorable Notes, Quotes and Anecdotes selected from the Empire Club of Canada Speeches 1903–2003.

Appreciation

We all owe our Club Administrator, Debbie Testa, a great round of applause. As we do Anne Lato. They do make miracles happen weekly—and that's WEEKLY, not WEAKLY.

I said earlier but will repeat now, that I very much have valued the support and active involvement of the one who has been so active as the first lady of my life and this Empire Club year—Gail Roberts.

And to the executive team who were utterly helpful and supportive—Bill Whittaker, John Niles, Charlie Coffey—much thanks. Also to Secretary Alex Squires and Treasurer Kevyn Nightingale. And to those many Directors and Past Presidents who gave, sometimes a little and sometimes a lot, to this very special place and space we call the Empire Club of Canada.

The Final Word

Every past president told me, and each was right. They said there just isn't anything in our normal lives that can compare with being President of the Empire Club of Canada for a year.

And it's true that a year is all any one of us can manage.

It is, and for me has been, a most incredible and magical and trying and rewarding and demanding year.

Nothing really prepares you for the job, and nothing is ever static or very easy.

But something amazing does happen.

For some reason, and in some way, week after week, an impressive and highly qualified speaker shows up at our podium to talk to an Empire Club audience about things he or she wants to express, and we all want to hear, while a whole lot of very important and influential people agree to come and sit as head table guests. And we all enjoy and relish in the experience, as does our audience, live and watching us televised.

And this is the magic of the Empire Club: the opportunity to learn new things from old experts or to glean a glimpse of a thought from someone who has a fresh sprig of insight to unveil.

For 102 years now, the Empire Club of Canada has elicited and benefited from the knowledge and thoughts and predictions and worries and fears and hopes of thousands of wise women and men who have given us pause to reflect and consider.

And we owe them a great debt of gratitude for having made our minds richer, better and perhaps more understanding of the complex and confusing place we call earth.

Thank you for your attention and for allowing me the personal pleasure of serving as your 102nd President.

Respectfully submitted,

Bart J. Mindszenthy
President

Report of the Nominating Committee

June 23, 2005

John C. Koopman

Mr. President, fellow directors, members of the Empire Club of Canada, it is my pleasure as Chairman of the Nominating Committee to report on the work of the committee which was constituted in accordance with Article III of the club's constitution.

Nominating Committee

The Empire Club's constitution requires the Nomination Committee to consist of five members of the Board of Directors and four other members of the club. At the last Board meeting, I proposed the following names and received unanimous support for the following committee members:

John Koopman—Chair
Bart Mindszenthy
Bill Whittaker
John Niles
Bill Laidlaw
Jo-Ann McArthur
Roxanna Benoit
Kamal Hassan
Charles Coffey

Honorary Officers

It is the recommendation of the committee that the following continue to serve as Honorary Officers for the 2005–2006 season:

Honorary Chairman
The Hon. Henry N. R. Jackman, OC, KStJ, OOnt, CD, LL.B., LL.D

Honorary President
  Her Excellency, The Rt. Hon. Adrienne Clarkson, CC, CMM, CD, Governor General of Canada

Honorary Vice-President
  The Hon. James K. Bartleman, OOnt
  Lieutenant-Governor of Ontario

Honorary Chaplain
  The Most Rev. Terence E. Finlay

Honorary Secretary
  The Hon. David Crombie

Honorary Treasurer
  Hartland M. MacDougall, CVO, OC

Honorary Solicitor
  The Hon. William G. Davis, PC, CC, QC

Honorary Directors

It is the recommendation of the committee that the following continue to serve as Honorary Directors for the 2005–2006 season: Leland H. Ausman, Willis L. Blair, Mary. R. Byers, The Hon. Barnett J. Danson, PC, Major William A. Duncan, CD, A. Carlyle Dunbar, William J. McCormack, CA, Larry Stout, and J. A.William Whiteacre, MM, CD, QC.

The committee recommends the appointment of Ms. Jocelyn Badovinac as a new and additional Honorary Director.

Directors

According to the club's constitution "the Board shall consist of forty members, including at least four Past Presidents of the Empire Club of Canada, one of whom shall be the immediate Past President and the other three shall be the Past Presidents immediately preceding the immediate Past President, if willing to serve."

Therefore, in recognition of this constitutional requirement, the committee nominates the following Past Presidents as Directors of the club:

the immediate Past President, Bart Mindszenthy and Past Presidents John Koopman, Ann Curran, and Bill Laidlaw.

Furthermore, the Nominating Committee recommends that the following members of the Board of Directors continue to serve in the coming year:

Edward P. Badovinac
The Rev. Kim Beard
Roxanna Benoit
Bonnie Brownlee
L.Col. A.G. (Sandy) Cameron
Charles S. Coffey
Diana Conconi
Verity Craig
Heather C. Devine
Heather Ferguson
Anne Fotheringham
Fred Gorbet
Kamal Hassan
Duncan N. R. Jackman
David L. Lindsay
Malcolm J. MacKillop
Jo-Ann McArthur
Don McCutchan
Doug Morris
Lou Natale
Kevyn Nightingale
Rev. Dr. John Niles
Loudon Owen
Tim Reid
Margaret M. Samuel
Robin V. Sears
Ken Shaw

C. Alexander Squires
Catherine S. Swift
Effie Triantifiloupoulos
William F. (Bill) White

Resignations

I take this opportunity to thank and pay tribute to Bruce Bowser, John Wright, David Agnew, Dale Patterson, Raj Kothari and Andrew Spears for their past contributions to the Empire Club of Canada.

New Directors

The Nominating Committee is pleased to nominate the following new members for the Board of Directors:

Rocco Rossi
Lisa Baiton
Sylvia Morawetz
Pat Mills

Officers

In addition to the above-mentioned nominees, the committee recommends the election of the following as club officers:

1st Vice-President and President-Elect
The Reverend Dr. John S. Niles

2nd Vice-President
Ms. Catherine Swift

3rd Vice-President
Mr. Charles S. Coffey

The Nominating Committee is pleased to report that Alex Squires and Kevyn Nightingale have agreed to continue as the club's Secretary and Treasurer respectively.

Finally, your committee is pleased to nominate as President of the Empire Club of Canada for its

2005–2006 season Mr. Bill Whittaker.

Respectively submitted,

John C. Koopman
Chair, Nominating Committee

I, John Koopman, hereby move that the report of the Nominating Committee be accepted and approved by members in attendance at this meeting.

Mr. Chair, if you would kindly ask for a seconder.

Seconded by Ed Badovinac.

Then a motion to close nominations by Bill Laidlaw.

Seconder for that motion: Sandy Cameron.

The secretary then casts a single ballot in favour of those persons named in the report in accordance with Article III 3.

Cast single ballot.

THE EMPIRE CLUB OF CANADA
Membership 2004–2005

Life Members

William Allan
B.Gen. Stephen & Mrs. S. F. Andrunyk
Mr. & Mrs. Leland H. Ausman
Ruby P. Avison

Mr. & Mrs. Edward P. Badovinac
Joseph Batty
Willis L. Blair
R. L. Broad

Mrs. Charles Carter
Mr. & Mrs. Elgin E. Coutts
Nola Susan Crewe
Dorothy Crummey
Mrs. Matthew Currie

George C. Damiani
Douglas A. C. Davis
Elvio DelZotto
Mr. & Mrs. D. L. Derry
Robert G. Douglas

Dr. David J. Fieldhouse
A. E. Fitzpatrick
Col. C. Sidney Frost Jr.

George Raymond Gibson
Patricia A. Grand
Wayne Scarisbrick Gray
Ian Griffin

George S. Hanson
Paul T. Hellyer
Roland E. Henderson
Adam B. T. Hermant
Peter Hermant
John D. Herrick
Dorothy Hobbs

Arthur Inwood

Dr. & Mrs. Frederick L. R. Jackman
The Hon. Henry N. R. Jackman
Willy Jong
Friederich Jung

John Kemp

George R. Laidlaw
Anne Lato
John V. Lawer
M.Gen. Bruce J. Legge
Kenneth Legge
Eric N. Lehner
James D. Lewis
Mr. & Mrs. D. D. Lucas
Joseph F. Luciano

Nona Macdonald Heaslip
Colin MacKenzie
John A. & Gail MacNaughton
Ewald P. Mazurek
Fred G. McBrien
John S. G. McCrimmon
Hugh McCullen
Frederic Y. McCutcheon
James W. McCutcheon
Konrad R. W. Mech
Mr. & Mrs. Edwin Mirvish
D. V. Mosher
Clifford N. Moss

John F. Nagel
Chris Nickerson

Maj. R. B. Oglesby

Norman Pearson
Dr. Sheila Pollock
B.Gen. D. A. Pryer

Stevan Ralph
Grant L. Reuber
John E. Richardson
Rev. Canon & Mrs. H. F. Roberts
Helen E. Roman Barber
The Hon. Col. R. C. Rutherford

J. A. Seyfried
Mrs. H. R. Shaver
Sam Sniderman
Dr. & Mrs. R. F. Stackhouse
G. O. Stafford
Henry J. Stalder

Graham John Tappin
Mrs. Barton F. Teasdale
K. R. Thomson
Leonard I. Turkevics
R. Turnbull
L.Col. P.J. Tuz

Rod Whale

Andrew Stephen Zarnett

Senior Members

D. S. Affleck
H. H. Alexander
R. F. K. Anthony
G. Warren Armstrong
Douglas B. Astley

Bill Bahen
R. F. Baines
Betty Balmer
Sonja Bata
K. J. Beamish
Josephine Beard
A. L. Beattie
Fred E. Becker
Dr. Henry Berry
Barbara Birchwood
Peter J. Bloemen
William B. Bot
Helene Boughton
David Buck
Roel C. Buck
Alexander Budrevics
Faye Arundell Burdick
Libby Burnham
Mary R. Byers

L.Col. A. G. Sandy Cameron
B.Gen Peter Cameron
Mac D. Campbell
E. J. Chard
Christina Chruszez
John H. C. Clarry
James H. Claydon
J. M. Coker
H.Col. William J. Coyle
Shirley Crang
Noel Croxon
Dr. Kalman N. Czegledy

Thomas P. D'Aqino

R. G. Dale
The Hon. Barnett Danson
S. Darveshali
Michael B. Deeb
Mihajlo & Mara Dika
A. Carlyle Dunbar

Stuart E. Eagles
Harold H. Elliott

Peter B. G. Ferguson
George Fierheller
Robert J. Fleming
Don Forsey
Carl Fox
Hugh Franks
Betty Fraser

Murray G. Galloway
Graeme Goebelle
Lionel J. Goffart
Dr. M. E. Graham

Paul Haberl-Schicker
Ann Hamilton
C. L. Haney
T. M. Hannan
Ruth Hart
Keith C. Hendrick
Marion Heslewood
Tom Hockin
Col. P. W. Hunter

John W. Irwin

Aileen Jackson
Bernice Jackson
Thomas G. Jamieson
Shirley Jesel Mills
Don K. Johnson
Douglas Joyce

Taimi Kapsi Cushing
Carrie Kaye
Netta Keaton
Clayton Keefe
Norman Keyes
George Kibedi
Harry Kim
C. Wallis (Wally) King
Gene Kinoshita
Marie Knaul
L.Col. Gerhard A. W. Knopf
Elisabeth Kolbert

Dr. George Krynski

Peter Large
Jack Lawrence
Andrew Lawson
Bernie Leaman
Laura Legge
Trevor Lewis
J. P. Liddle
Mary Liitoja
Arlette Londes
Margit Lovrics

Dr. H. Ian Macdonald
Glory M. MacIntyre
Robert K. Mackenzie
Rev. Arthur Macrae
Margaret McCain
G. Chester McClure
Joyce McKeough
Willis S. McLeese
Marjorie McLetchie
Eileen R. McNeil
R. C. Meech
Dr. Daniel M. Mehta
J. Alexander Menzies
P. W. Musselman

Douglas C. Nesbit
Edwin T. Nobbs
Margaret Nosworthy
Joe Nusca

Alfred U. Oakie
Krystyna J. Orlowski
Col. Edmunds Ozols

E. T. Pherrill
Ted Piekarz
Maj. The Hon. Mr. Joseph H. Potts
David W. Pretty
Fran Pringle

Victor Reigel
Walter Roberts
Ronald N. Robertson

John Stuart Sanders
Marie Scanlan
J. Kenneth Scott
Bill Sears
R. Dorene Seltzer
Robert C. Sherwood
John Sibbald

Oscar T. Sigsworth
Doreen Sloggett
M. E. E. Smith
Shael S. Sone
Dr. Jerzy Sosnowski
Sinclair M. Stevens
Robert V. Stinson
Gunter Strangemann
Thomas John Succamore
Ann Summers Dossena
Gordon W. Swayze
John H. Switzer
Prof. Thomas H. Symons

The Hon. M. M. van Camp
Shirley Velletta
F. Alan Venn

David J. Walker
Thomas A. Wardle
Patrick C. T. White
J. A. Wm. Whiteacre
Charles Russell Whittington
Richard L. Whittington
The Hon. Michael H. Wilson
Marie Wilson-Sanders
Marina Winters

Paul A. Yocom
Ernst Younes

Michael Zygocki

Regular Members

Roderick Albrecht
T. James Allen
J. Scott Allinson
Hassan Altaf
Peter Altimas
Anuj Anand
Paul Ankrett
Dr. Antoine Aouad
Bluma Appel
Marvin S. Arnold
Upkar Arora
Anthony H. Arrell
Toni Ashton
Sonia Atmeksian

Lisa A. Baiton
Gordon R. Baker
Michael Ballantyne

John F. Bankes
Dr. Luis Barreto
Judy E. Barrie
Isabel Bassett
Alain Batty
Rev. Canon Kimberley J. Beard
Ghislain Beaudin
Jocelyn Beaudoin
Pierre Beaumier
Warren Bell
Avie Bennett
Roxanna Benoit
Geoffrey Berg
Gary B. Bettman
Ted Betts
Sardool Bhogal
S. W. (Sam) Billich
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Peter N. Borst
Laura Boston
John Bourque
David N. Bowden
Jennifer Bowman
Bruce Bowser
Richard Boxer
Lydia M. Boyko
Sean Boyle
Gordon Braun-Woodbury
Marcus Breitschwerdt
Susan Brissette
Robert L. Brooks
Hugh M. Brown
Robert Bryce
Andrew Buntain
Edward Burrow
Anna Lankford Burwash
Jeannie Butler
Brad Butt
Sven Byl

Arnice Cadieux
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Auditors' Report

To the Members of
The Empire Club of Canada

We have audited the financial position of the Empire Club of Canada as at June 30, 2005 and the statements of earnings and net assets and cash flows for the year then ended. These financial statements are the responsibility of the club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the club as at June 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Ontario Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP
Chartered Accountants

Toronto, Canada
October 14, 2005

Financial Report

THE EMPIRE CLUB OF CANADA
Statement of Financial Position for the Year Ended June 30, 2005 with Comparative Figures for 2004

	2005	2004
Assets		
Current Assets		
Cash	$ 66,383	$ 52,520
Short-term investments (note 2)	$332,782	$328,899
Accounts receivable	33,250	29,209
Inventory	—	1,680
Prepaid expenses	1,971	4,078
	434,386	416,386
Capital Assets (note 3)	1	1
	$434,387	$416,387
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 17,798	$ 50,929
Due to the Empire Club Foundation	26,000	25,000
Deferred revenue	6,285	6,631
	50,083	82,560
Net Assets		
Unrestricted	384,304	333,827
	384,304	333,827
Commitments (note 4)		
	$434,387	$416,387

Signed on behalf of the Board
Kevyn Nightingale
Treasurer
Bart Mindszenthy
President

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB OF CANADA
Statement of Cash Flows
for the Year Ended June 30, 2005 with Comparative Figures for 2004

	2005	2004
Cash provided by (used in):		
Operations		
Net earnings (loss)	$ 50,477	$ (3,322)
Change in non-cash operating working capital:		
Short-term investments	(3,883)	(11,921)
Accounts receivable	(4,041)	15,619
Inventory	1,680	—
Prepaid expenses	2,107	(2,140)
Accounts payable	(33,131)	(29,623)
Due to the Empire Club Foundation	1,000	(273)
Deferred revenue	(346)	(3,410)
	13,863	(35,070)
Increase (Decrease) in Cash	13,863	(35,070)
Cash, Beginning of Year	52,520	87,590
Cash, End of Year	66,383	52,520

Signed on behalf of the Board

Kevyn Nightingale
Treasurer

John Koopman
President

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB OF CANADA

Statement of Earnings and Net Assets for the Year Ended June 30, 2005 with Comparative Figures for 2004

	2005	2004
Revenue		
Membership fees	31,729	30,690
Luncheons		
Regulars	41,703	37,947
Specials and joints	46,264	56,563
Head table sponsors	112,745	70,900
Centennial event	—	(1,997)
Interest	5,333	9,339
Centenary book sales	300	680
Ties, scarves and tea	20	19
	238,094	204,141
Expenses		
Office salaries and employee benefits	83,895	81,357
Office and general	35,603	31,341
Yearbook donation and sundry	25,000	45,000
Members' notices	16,281	24,361
Rent	13,264	11,928
Printing, stationery and postage	6,490	6,346
Telephone	6,021	5,390
Bad debts	585	645
Meetings	478	1,095
	187,617	207,463
Net Earnings (Loss)	$ 50,477	$ (3,322)
Net Assets, Beginning of Year	$333,827	$337,149
Net Assets, End of Year	$384,304	$333,827

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB OF CANADA
Notes to Financial Statements
for the Year Ended June 30, 2005

1. General

The club was incorporated under Letters Patent in the Province of Ontario on March 26, 1912. The principal function of the club is to provide a forum for prominent people to address members of the club and their guests on topics of current interest.

2. *Significant Accounting Policies*

(a) Revenue Recognition

The club follows the deferral method of accounting for contributions. Membership revenue is recognized as revenue in the year to which the membership relates. Luncheon revenue and sponsorships are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and interest are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Short-term Investments

Short-term investments are recognized at the lower of cost or market.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value.

(d) Capital Assets

Capital assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognized as office and general expenditures in the year acquired.

(e) Due to the Empire Club Foundation

A donation to the Empire Club Foundation for the estimated cost of supplying the club's membership with the yearbook of the current year is accrued each year.

(f) Deferred Revenue

Deferred revenue consists of membership fees paid in advance, unredeemed luncheon tickets and life memberships not yet amortized. Life memberships are amortized into revenue over the expected 30-year life of a member. Effective April 30, 2002, life memberships are no longer offered; however any remaining balances will continue to be amortized over their remaining terms.

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. *Short-term Investments*

Short-term investments are compriseed of fixed income securities which mature between September 2005 and June 2006.

4. *Capital Assets*

During the year, $4,288 (2004: $7,202) in computer equipment and software was expensed as office and general expenditures.

5. *Commitments*

The club has entered into a lease agreement for premises expiring on September 30, 2007.

Minimum annual lease rental payments under this agreement are as follows:

2006	10,605
2007	10,740
2008	2,685
	$24,030

6. *Fair Value of Financial Instruments*

The carrying value of cash, short-term investments, accounts receivable, accounts payable, due to the Empire Club Foundation and deferred revenue approximate their fair values due to the relatively short periods to maturity of these instruments or because they are receivable or payable on demand.

THE EMPIRE CLUB FOUNDATION

April, 2006

Fellow members,

With the passage of another successful year, and with the addition of a new volume to our remarkable collection of speeches, the value of the Empire Club's work grows ever more significant.

Although we will always publish a hard copy book of the season's addresses and distribute it to all Canadian libraries and embassies, the club is firmly moving into the electronic age. Under the outstanding leadership of Bart Mindszenthy in 2004–2005, the Empire Club of Canada made enormous administrative strides. Thanks to Bart Mindszenthy's push for positive change within the context of our historical legacy and the initiative and drive of Empire Club Director, Lou Natale, for the first time web-casts of our speeches are available over the Internet to the world at large. On-line registration for our luncheon meetings is now also possible.

In this digital age the Empire Club of Canada is more relevant than it has ever been. Facts and data are ubiquitous; however one can only assess credibility, sense nuance or gain an insight into the character and carriage of a man through physical presence.

Past President Harold Lawson once said that only in a physical presence of the great man could you touch the hem of his garment. The fact that the Empire Club of Canada has survived for a century and is as resilient and relevant as ever in its second century is proof of this tenet.

We mourn the passing of past Empire Club Foundation Chairman and Empire Club President Bruce J. Legge, CMM, CM, KStJ, ED, CD,QC, who was an inspiration and source of wisdom and common sense to many decades of Empire Club Presidents. He was a man of dignity, grace, and honour, with a deep commitment to public service. If ever there was a "happy warrior who every man in arms should wish to be" as described by Wordsworth, it was Major-General Bruce J. Legge.

This yearbook is funded through the generosity of the many members and friends of the Empire Club of Canada. On behalf of the Empire Club Foundation, I thank everyone who has helped maintain our very grand tradition.

Sincerely,

John C. Koopman
Chairman

THE EMPIRE CLUB FOUNDATION

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Col. The Hon. Henry N. R. Jackman, OC, CD, KStJ, LL.D

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The Hermant Family Foundation

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Auditors' Report

To the Members of
The Empire Club Foundation

We have audited the statement of financial position of the Empire Club Foundation as at April 30, 2005 and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations from supporters, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at April 30, 2005 and the results of its operations and the changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP
Chartered Accountants

Toronto, Canada
July 27, 2006

Financial Report

THE EMPIRE CLUB FOUNDATION
Statement of Financial Position for the Year Ended April 30, 2005 with Comparative Figures for 2004

	2005	2004
Assets		
Current Assets:		
Cash	$ 36,529	$ 101,423
Short-term investments	100,000	—
Accounts and interest receivable	9,525	8,118
Due from the Empire Club of Canada	25,000	45,000
	$ 171,054	$ 154,541
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 126,396	$ 87,752
Net Assets	44,658	66,789
	$ 171,054	$ 154,541

Signed on behalf of the Board

David Edmison
Director

Ronald Goodall
Director

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION
Statement of Operations and Retained Earnings for the Year Ended April 30, 2005 with Comparative Figures for 2004

	2005	2004
Revenue		
Donations:		
The Empire Club of Canada	$ 25,000	$ 45,000
Supporters	6,594	33,426
Interest	928	1,820
Dividend income	351	—
	$ 32,873	$ 80,246
Expenses		
Yearbook	49,979	62,846
Centenary book	—	41,464
Stationery, postage and other expenses	5,025	1,181
	$ 55,004	105,491
Excess (Deficiency) of Revenue over Expenses	(22,131)	(25,245)
Net Assets, Beginning of Year	66,789	92,034
Net Assets, End of Year	$ 44,658	$ 66,789

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB FOUNDATION
Notes to Financial Statements for the Year Ended April 30, 2005

1. *The Foundation*

The Empire Club Foundation (the "Foundation") was incorporated on January 22, 1969 under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to the Empire Club of Canada, to the club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. *Significant Accounting Policies*

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Those estimates are reviewed periodically and as adjustments become necessary, they are reported in the years in which they become known.

(a) Revenue Recognition:

The Foundation includes donations in revenue when received, except for donations from the Empire Club of Canada, which are included in revenue when pledged.

(b) Expenses:

The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

3. *Statement of Cash Flows*

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

4. *Fair Value of Financial Assets and Financial Liabilities*

The carrying values of cash, short-term investments, accounts and interest receivable, due from the Empire Club of Canada and accounts payable and accrued liabilities approximate their fair values due to the relatively short term to maturity of these items or because they are receivable or payable on demand.

CONSTITUTION

As amended June 26, 2003

Organisation of the Club

ARTICLE I

Name

1. The Name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

Membership

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c), must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminated at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly

proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors.[1] Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organisation shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by

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[1] *By resolution of the Board, November, 1981, and under Article II, 4, of the constitution, it was agreed that the club charge a lesser membership fee for spouses living at the same residence, and that this fee should be fixed annually.*

the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

Directors

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom ten shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the

number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

Officers

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person

other than the Honorary President and the Honorary Vice President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

Committees

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
    (a) Budget and Finance Committee
    (b) Speaker's Committee
    (c) Membership Committee
    (d) Constitution Committee
    (e) Reception Committee
    (f) Publicity and Public Relations Committee
    (g) Yearbook Committee
    (h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

Meetings of Members

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than June 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

Fiscal Year

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

Amendments

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Amendment to By-Law A

The President stated that the Directors at their last meeting had amended the General By-Law of the club so that the first Vice-President could be designated in the future as first Vice-President and President-Elect. This change was required to be confirmed by the members and accordingly

ON MOTION DULY MADE, SECONDED, AND UNANIMOUSLY CARRIED, it was resolved that the following amendment to Paragraph 1 of Article IV of By-Law No. A be confirmed:

Officers

The officers shall consist of an Honorary President, an Honorary Vice-President, a President, a first Vice-President and President-Elect, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The Board of Directors may from time to time elect or appoint such other officers as it shall deem necessary. The President, the First Vice-President and President-Elect, the Second Vice-President and the Third Vice-President shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing.